quoted as saying in the Tehran

Lebanon for the release of the hostages there, he said, but added cautiously: "No guaran-

tee can be given that the West-

ern hostages will definitely be released because Iran has lim-

ited influence among the Leb-

anese groups."
American officials are uncer-

tain about Mr Rafsanjani's hold over Hizbollah, the Irani-

an-funded umbrella organisa-

tioo thought to responsible for most of the kidnappings io

Yesterday, Hizbollah, which is championed by Mr Ali Akbar Mohtashemi, the hardline tranian Interior Minister, again rejected the idea of exchanging

17 Western hostages and three

Israeli soldiers for a Hizbollah leader abducted by Israel last month and 300 Lebanese Shia

also held by the Israelis. The murder of ooe US hos-

tage, Lt-Col William Higgins. was announced by a group of kidnappers last week following

the Israeli kidoapplog of Sheikh Abdul Karim Obeid in

Most Western hostages could

now have been moved from Belrut to the Bekaa valley, to

avoid the shelling in the capi-

tal, according to Mr Allan Ramsay, Britain's Ambassador

Bush pooders Iranian assets

southern Lehanon.

Cootinued oo Page 16

"We can use our influence in

Iran plan for

freeing assets

rejected in US

By Victor Mallet in London and

Hugh Carnegy in Jerusalem

IRAN yesterday outlined a proposal to ease negotiations in the Middle East hostage cri-sis, suggesting through a gov-

ernmeot newspaper that it

would use its influence to free captives in Lebanon if the US

agreed to release frozeo Ira-

Washington quickly rejected the idea. The White House said the US would not strike any

deal aimed at releasing the hostages in Lebaoon that would involve freeing up bil-lions of dollars of Iranian

Iranian officials say up to

\$12bn is at stake but US esti-mates are closer to \$4bn and

claims are already being pro-cessed by the Iran-US Claims Tribunal in The Hague

Iranian money and weapons

were seized on the orders of Presideot Jimmy Carter 10 years ago when Islamic mili-tants seized the US Embassy in

Tehran in 1979 and took the

staff hostage.

Much of the money was transferred to escrow accounts as part of the Algerian-bro-

kered agreement which led to

10 mm

Strong at

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The state of the s

THEFT

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Britain and

World News

Argentina to hold talks next week

Britain and Argentina are due to hold face to face talks next week, the first such meeting in four years, in the first cau-tions step towards renewing diplomatic and other relations broken since the 1982 Falklands war. Page 16

Palmer new PM Geoffrey Palmer, New Zea-land's new Prime Minister is seen as a compromise acceptable to both political wings of the Labour Party. Page 4

Czech church offer The leader of Czechoslovakia's Roman Catholic Church has offered to mediate between the Government and thou-sands of people who are back-ing political reforms. Page 2

Columbia blasts off The US space shuttle Columbia blasted off on a secret military mission that aerospace experts said would deploy a sophisti-cated satellite to spy on the Soviet Union.

Fatah peace move Palestinian activists said the endorsement of PLO leader Yassir Arafat's peace drive by the group's Fatah faction would boost the chances of Middle East peace.

Vietnam flights

Hong Kong's Cathay Pacific and Dragonair airlines received government permission to fly to Vietnam in a move that appears related to recent talks on repatriation of boat people. Page 5

Compassion fatigue Police broke up a demonstra-tion of angry Hong Kong residents protesting against the construction of a new detention center for Vietnamese

President Saddam Hussem of Irag called on Iran to sign a formal peace agreement a year after the UN-brokered ceasefire ended the eight-year Gulf war.

Rangoon alert .

Rangoon was heavily guarded by troops on the first anniversary of the 1988 uprising for "democratic revolution" which the army crushed. Page 4

California quakes An earthquake measuring 5.2

on the Richter scale shook the San Francisco Bay area, caus-ing high-rise office buildings

Panama protests Panama asked for a meeting of the UN Security Council

to discuss alleged intimidation and aggression by US troops stationed at the canal.

CIA China forecast China's economic reform programme is likely "to be bogged down for the next few years as a result of this summer's

political unrest, according to the CIA. Page 3 Liberian runs amok A bayonet-wielding Liberian killed two West German police-men and wounded three before

one of his dying victims shot

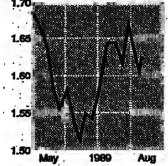
Spy freed in error A former East German agent who escaped from a West Berlin jail and was recaptured in June, 36 years later, has been freed again due to an administrative error.

President of Wang quits in shake-up

pressure from bank lenders and executives of the sorely

founding family. Page 17 STERLING gained from a weakening of the dollar. Specu-lative funds disappointed with the dollar's failure to move

against the Dollar (\$ per £)



by high London interest rates, and in London the pound gained 1.85 cents to close at \$1.626. At mid-session in New York, sterling stood at \$1.623. Currencies, Page 34

investment group, declared war on its partners in the Victoire insurance group by launching a FFr19.5bn (\$3.01hm) takeover bid for Compagnie Industrielle, Victoire's key shareholder. Page 17

to announce the results of talks with the privately-owned shipbuilder which faces bankruptcy. Page 18

copper mining company, bene-fited from strong metal prices during the first half of the year but operating profits remain insufficient to cover interest obligations. Page 19

est beer producer, reported pre-tax profits at the half-year of Y26.7bn (\$190.6m) and sales to June of Y539.8bn, down 19 er cent from last year's first

ARGENTINA: monthly infla-

SCITEX, Israeli publishing equipment maker headed by

than doubled first-half net profits to \$13.16m from \$5.38m as sales rose 18 per cent to \$107.17m. Page 19 SHUN Tak Enterprises, ferry operator which carries passer

gers between Hong Kong and Macao, reported net profits of HK\$121.7m (\$15.6m) for the six months to June, up 50 per cent. Page 19

ment Consortium, owned by Kuwait Investment Authority, will be the leading shareholder in a new Cairo-based merchant hank. Page 21

and toy group, said operating earnings in its fourth quarter to June rose 11 per cent to \$229.4m. Page 19

COMMODORE International, US personal computer and peripherals company, said it lost \$10.1m for the fourth quarter to June and blamed a stron-

(\$273.3m) in net profits for the first half of 1989. Page 18

MARKETS

New York lunchi \$1,823 \$1,626 (1,6075) DM3.075 (3.06) FFr10 3975 (10.38) £ index 92.1 (91.6) GOLD. New York: Comex Dec \$373.6 (373.4) \$365.5 (365.75) N SHA OIL (Argus)

Brent 15-day Aug \$17.075 (16.875)

STOCK HEDICES FT-SE 100: 2,348.1 (+6.5) New York | DM1.8945 FFr6.4065 FT Ordinary: SFr1.6295 1,982.3 (+5.3) Y138.9 FT-A AR Share 1,194.55 (+0.3%) DM1.8905 (1.9055) FFr6.395 (6.445) SFr1.8265 (1.638) FT-A long gift yield index high coupon: Y138.75 (140.1) 9.31 (9.38)

US LUNCHTHME

RATES Fed Funds 615%

yield: 8.047%

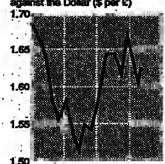
New York ke Tokyo close: Y139.25 DJ Ind. Av. 2,701.08 (+6.07) Tokyo: Nikkei 34,759.48 (+129.1) 3-mo Treasury Bille: yield: 8.162% Long Bond: 109₃₂ **LONDON MONEY** 3-month interbank: closing 1337-1313%

Business Summary

FREDERICK Wang, son of the founder of Wang Laboratories, resigned as president three years after taking office under

troubled computer company.
Wang's sudden resignation
opens the way for the company
to seek rescue by recruiting
a new leader from outside the

above DM1.92 were attracted Sterling



SUEZ, French banking and

WARTSILA Marine: The Finnish Government is expected

BOTSWANA RST, nickel and

KIRIN Brewery, Japan'a larg-

tion rate broke all previous records in July, reaching 196.6 per cent for retail and 208.2 per cent for wholesale prices. Page 3

the UK's Robert Maxwell, more

KUWAIT Real Estate Invest-

QUAKER Oats, Chicago food

ger US dollar for a fall in sales. Page 19

TELEFONICA, internationally quoted Spanish telephone monopoly, reported a 13.2 per cent increase to Pta32.69bm

Goldsmith attacks BAT at launch of £13.5bn bid

By Nikki Tait in London

SIR James Goldsmith yesterday formally launched the £13.5bn offer from Hoylake for BAT Industries with a scathing attack on the tobac co-based conglomerate's record and strategy.

and strategy.

The Angio-French financies
also revealed a lengthy and col
ourful list of additional inves tors who are putting money into Hoylake, the consortium hid vehicle which he heads.

The 23 names listed in the formal offer document which was poblished yesterday include the Duke of Beaufort.

Mrs Barbara Flick, a member of the West German family or industrialists; Mr William Simon, a former US Treasury, Secretary; and Mr Ted Field from the family which built up the US-based Marshall Field depositment, stores business. department stores husiness now owned by BAT.

Together, the maximum commitments of these investors - who also include the previously-revealed names of General Electric Company of the UK, Banque Paribas of France and Pargesa, the Swiss-based financial and industrial group – to subscribe for shares in Hoylake, could top £300m. Sir James added that his own investment in Hoylake would amount to 250m.
In a lengthy presentation to London analysts and the press, Sir James criticised BAT's

strategy of diversifying from its core tobacco business and sharply criticised the manage-ment of that division. Talking of BAT's diversification into retail interests, for

By Chris Sherwell in Canberra

COMMONWEALTH foreign

ministers yesterday proposed a package of financial sanctions under which banks lending to South Africa would face tighter

restrictions on their business. dealings:

in Canberra where an eight-na-

isters is discussing sanctions and apartheld ahead of the

Commonwealth heads of gov-

ernment meeting in Kuala

If implemented, the mea-

sures would strengthen the financial sanctions already in

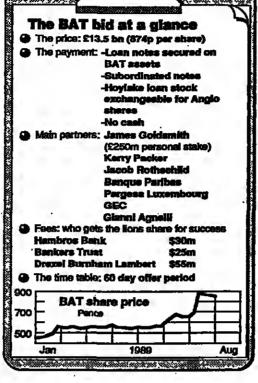
place when South Africa is

under pressure over the rene-gotiation of its main \$9bn debt

and the maturing of \$3bn in

Limpur in October.

The measures were unveiled



Goldsmith: launched attack on BAT

findings are published in a capital repayments and to reject options for escaping the moratorium on commercial loan repayments unilaterally

example, he suggested that shareholders had heen "trapped by a management which hadn't the foggiest idea what to do." The retail arm, he contended, "was an incredible story of an accumulation of stores – a conglomerate within

a conglomerate." "Compared to BAT, Mr Alan

The measures include an

official lobbying of banks nego-tiating next year's reschedul-ing, toughened guidelines restricting new South African lending and the establishment

of an official body to monitor a

ban on medium- and long-term

ministers are

urging all countries to take South Africa "off cover" with

official government trade

credit and insurance agencies, and want all financial institu-

tions to impose tougher terms

for trade financing - including reducing the maximum credit

The measures are in line

with the recommendations of a

study on financial sanctions by an Australian technocrat. His

term to 90 days.

Bond [the Australian business-man] has iron self-control," added Sir James tartly, warming to his theme.

His remarks brought a swift response from BAT. It accused Hoylake of using "slick arguments" and backing them up with "extremely selective" figures for the various BAT busi-

A second study, also published yesterday, calls for the phased introduction of full

trade sanctions over a five-year period to force the white Gov-

black majority.

The proposed lobbying of international banks is to be

done by a delegation of offi-cials and is being treated as "a

matter of some urgency,

according to Mr Joe Clark, Canada'a Foreign Minister,

The banks are being urged to apply the highest possible interest rates to South African

debt, to provide for substantial

who is chairing the meeting.

Africa financial sanctions plan

Mr Pat Sheehy, BAT chair-man, said the management's strategy had "transformed the group" and "shareholders will reap the benefit by remaining with a management team dedi-

cated to building the business rather than destroying it for

imposed by Pretoria.
In spelling out guidelines for lending to South Africa, the

ministers said these aimed to distinguish loans which under-

which, by encouraging capital outflow, reinforced them.

obtaining a declaration from

the borrower about the source

of control of the entity seeking

the loan and assurances that the loan is not to circumvent

sanctions, or for transfer to

Sonth Africa, or to repatriate

Thirty ways to raise the price of apartheid, Page 4

HARLOW

BRACKNELL £7.65 sq.ft.*

The guidelines involve

"The first step should be taken by the US and if Tehran gets satisfied that its assets will certainly be unfreezed then the secood step will definitely come from Iran," a source close to Iran's oew President, Hojatoleslam Ali Akhar Hashemi Rafsanjani, was

Walesa appeals for break in Poland's coalition

By John Lloyd in Warsaw

COALITION-BROKING politics came to Poland yesterday as Mr Lech Walesa appealed directly to the two parties now in partnership with the ruling Communists to leave their 40year-old home and join a Soli-darity government.

Polish Radio that the crisis facing the country necessitated an immediate end to the monopoly of power enjoyed by the Polish United Workers (Communists) Party for the past 40

years.

Meanwhile the two pro-Communist groups that Solidarity is seeking to woo into coali-tion - the Peasant and Democratic parties - promised to consider the suggestions.

The executive councils of both parties were due to meet

Mr Walesa said that any gov-ernment formed by Gen Czes-law Kiszczak, the newly-appointed Prime Minister, would fail in a few months because of lack of support from

He has promised the Peasant and Democratic Parties an independent and honourable role within a Solidarity-dominated government.

The two parties hold the balance of power in the Sejm (lower house of Parliament) in which the Communists have only 38 per cent.

CROYDON

£6.45 sq.ft.*

Full Report, Page 2

READING £7.35 sq.ft.*

Tokyo crisis prompts LDP to select clean-cut Kaifu for PM

By Stefan Wagstyl In Tokyo

A FORMER Japanese Cabinet minister was due to be elected Prime Minister today amid the country's most serious political crisis since the 1950s.

Mr Toshiki Kaifu was yesterday chosen by the ruling Lib-eral Democratic Party as party president and its candidate for the prime ministership in succession to the disgraced Mr Sousuke Uno who announced his planned resignation a

month ago. The LDP hopes 58-year-old Mr Kaifu's youth and clean political reputation will help to restore its fortunes following a heavy defeat last month in elections to the upper house of the Diet (parliament).

However, many analysts believe Mr Kaffu will be a figurehead Prime Minister with power being wielded behind the scenes by the same party elders who have run the LDP since before the recent Recruit financial scandal. They also forecast that political turmoil is likely to continue with the prospect of a general election

CONTENTS

Burmar a year of bloody repression being held, possibly before the end of the year.

Opposition party leaders said the LDP had changed only its image without changing its contents. They intended to challenge the LDP today by putting up Miss Takako Doi, the chairman of the Japan Socialist Party, for the premier-

ship.
An unprecedented constitutional battle was due to take place since the LDP has a majority in the Diet's lower house but not in the apper house, where the opposition parties won control in last month's poll. The LDP was certain to win this fight since the constitution gives the final say to the lower house.

Business leaders, traditional supporters of the LDP, welcomed Mr Kaifu's appointment hut warned that the ruling party must act to recover popular appeal by reforming politi-cal fund-raising laws and revising a controversial consumption tax, introduced in April. The tax was the single

A vear ago today Burmese soldiers opened

fire in Rangoon and

peopla demonstrating

racy. Ever since there

has been a charade by

U Ne Win to reassert

Arts Reviews

Editorial Comment...

17,20

his grip on the country

killed hundreds of

in favour of democ-

biggest reason for the LDP's defeat last month.

Mr Kaifu won 279 out of 447 valid votes in a poll of LDP members of both houses and delegates from party offices. Mr Yoshiro Hayashi, a former health and welfare minister, was second with 120, followed by Mr Shintaro Ishihara, a former transport minister, with

Mr Kaifu was guaranteed success because he was backed by the party's three largest factions, those formerly headed by former Prime Ministers Mr Noborn Takashita boru Takeshita and Mr Yasuhiro Nakasooe and the one led by Mr Shintaro Abe, the former party secretary-gen-

Mr Hayashi was supported by two smaller factions, includ-ing that led by Mr Kiichi Miyaister. Mr Ishihara, an award-winning novelist and a political maverick, stood as an

independent. The powerbrokers, Page 4; The task ahead, Page 14.

Brazil: Making a killing on the telephone

Technology: Supercomputer race between US Managements Why ICI believes peopla need

Editorial comments After the Contras; Fair play in the City Air traffic controls Poor systems cost Europe

Lext BAT, UAL, WPP, Grand Met Financial Futures _____ 34 Raw Materials Gold _____ 25 Stock Markets -Wall Street 35-38 -London ... 27-35 Lex_

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By William Dullforce in Geneva

THE US and the Soviet Union have failed to fulfil expecta-tions that they would resolve their remaining differences over how to monitor underground nuclear tests in six weeks of negotiations here.

As the fourth round of the two-year nuclear testing talks (NTT) ended, Mr Paul Robinson, head of the US delegation, said "high-level decisions" on acceptable varification. acceptable verification mea-sures would have to be taken in Washington and Moscow before the talks resumed. No date was set for the resump-

compliance with the rules is needed before the US Senate will ratify the 1974 Threshold Test Ban Treaty (TTBT) and the 1976 Peaceful Nuclear Explosions Treaty (PNET) which limit the size of underground nuclear explosions -the only ones still allowed.

The TTBT limits tests to 150 kilotons. The PNET restricts the size of nuclear explosions used for peaceful purposes.

At the start of the fourth
NTT round in June hopes of
agreement were high following
two apparently successful joint US-Soviet nuclear test experiments last year. Each side maintaining the credibility of demonstrated to the other the US nuclear deterrent.

its East Berlin diplometic mission to stem the flood of people

seeking exit visas to the West

and to limit damage to its frag-ile relations with East Ger-

many, Renters reports from

A surge in the number of East Germans taking refuge on

Monday forced Bonn to close

the mission, equivalent to an embassy, for only the second time since the two German states established diplomatic

only to find the mission gates

to us. We just can't talk to our

authorities about our case."

closed until further notice, a

tactic Western diplomats said would give both sides a hreath-

ing space to solve the problem.

Boun said talks were continu-

An increase in East Germans trying to leave the hardline

Communist state - for eco-

leave the country.

"It's another avenue closed

verification techniques it was

proposing.

Both agreed that protocols to the two treaties should be negotiated, to provide a "menn" of ecceptable tach-niques that would be used to measure future nuclear tests.
The PNET protocol had already been "substantially completed" so that negotiations have focused on the TTBT over the past six weeks.
The US favours the so-called Control business and the contr

Corrtex hydrodynamic measuring method, under which a coaxial cable is placed down a hole near the explosion. The speed of the shock wave is measured as the cahle is crushed.

However, according to Mr Robinson, the Soviet Union has made acceptance of Corrtex conditional on the US accepting alternative methods, to which Washington would have to "react very carefully". Decisions were also needed about the procedures that per-sonnal would follow when

tration at the lack of reform
- has put relations under new

East Germany's Communist Party daily Neues Deutschland

yesterday printed an official

statement warning Bonn it could damage ties by allowing East Germans to shelter in the

mission and its Prague and

Budapest embassies.

"Bonn should not worry about things that do not concern it. Unless, that is, one wants to endanger all the posi-

tive results that have been

using the Corrtex method at the other side's test site. Washington has rejected a Soviet proposal to end all nuclear testing, arguing that tests are indispensable to Norwegian

Walesa offers deal to Communist coalition

By John Lloyd in Warsaw

MR LECH WALESA has opened a new front in the war of ettrition between government and opposition in Poland by offering the Peasant and Damocratic parties — inert partners of the Communists for 40 years — independent and active roles in a Solidarity-

active roles in a Solidaritydominated government.

The executive councils of
both parties meet today to discuss the Solidarity leader's
offer, which was cast in the
form of a release to the Polish
news agency on Monday night.
In an interview with Polish
state radio following a meeting
with his advisers in Gdansk,
Mr Walesa said hs had "real-Mr Walesa said hs had "realised that Solidarity must break the monopoly of party rule" as

the monopoly of party rule as a matter of urgency.

He stressed that he had no personal animus against Gen Czeslaw Kiszczak, the man chosen by President Wojciech Jaruzelski as prime minister and presently struggling to put together a government. But he said such a government would be short-lived, lasting only a

month or two. He said that if Gen Kiszczak succeeded in forming an administration, it would not have any support among Poles.

Government

may survive

a poll defeat

NORWAY'S Labour Government would not resign immediately if it lost next month's general election, Mrs Gro Harlem Brundtland, the

Prime Minister, said yesterday. She does not helieve the

right-wing opposition parties could unite to form an alterna-tive administration even if they outnumbered her party in

the next Parliament.
The Labour Party has governed Norway since May 1986 though it only has 71 seats in the 157-strong Parliament. It took office when a right-wing collision fell areast over the collision of the strong partial seats of the strong parliament.

coalition fell apart over eco-

nomic policy.

Mrs Brundtland's Government will stay in office until it loses a confidence motion in

Parliament.
The main reason for this

decision lies in the continuing

high level of support enjoyed by the populist Progress Party led by the charismatic Mr Carl

Hagen, which threatens to break up the Norwegian politi-

Opinion polls suggest it

could capture as many as 20 per cent of the votes and win

The other opposition parties

are hostile to any pact with Progress but they would find it

hard to form a government

Mrs Brundtland said that

she would go if Progress and the larger Conservative Party

acquired a parliamentary majority, which seeme

· Mrs Brundtland, who is a

champion of green policies, says the world is not moving quickly enough to stop destroy-ing the environment, Reuters

"There is a great need for

radical means and a more radi-cal way of thinking... that has not yet won through." she said.

"There will be a recognition that economic commitment is

necessary if we are to get

developing countries, with far worse problems than ours, to

keep up the pace environmentally," said Mrs Brundtland,

who heads the Labour Govern-

Depletion of the ozone layer and tha "greenhouse" effect, where gases trapped in the

earth's atmosphere threaten violent climatic change, were

the most presssing environ-

mental issues. Norway has invited heads of government in

Europe and North America to

an environment conference in

cal consensus.

np to 25 seats.

unless they do.

Lahonr

By Robert Taylor in Stockholm

NORWAY'S

This judgment is backed by political commentators in War-saw who see a gathering momentum of social unrest.

The commentators point to a threatened wave of strikes on the railways and in posts and telecommunications and to the lack of food supplies, especially

Mr Walesa's initiative, which follows an offer some days ago from Solidarity to form a government on its own, is well cal-culated to exploit the evident signs of independence within both the formerly pro-Commu-nist parties — in particular, the Peasant Party, the larger of

the two.

Of the 76 Peasant Party depnties in the Sejm, or lower
house, 40 initially refused to
endorse the candidacy of Gen
Kiszczak as prime minister and thus deprived him of the neces-

sary majority.

However, after talks with Mr Roman Malinowski, the Peas-ant Party president, in which ant Party president, in which the party was promised the posts of deputy prime minister. four ministries, including agri-culture and ecology, and many junior ministries. Gen Kisz-czak, was able to scrape home – although six Peasant depu-



Walesa: opening new front

ties still voted against him and three abstained.
The initiative is also well calculated to run with the grain of the voting strengths in the new parliament. The government coalition — Communists, Peasants and Democrats - makes np a majority in the Sejm hut the Communists alone have only 38 per cent of

the vote.

If Solidarity can win over the other two parties to its side, it heving no well-defined eco-

will dominate voting in the lower house. The movement already commands all but one of the 100 seats in the Sanate, or upper house.
Against the idea, however,

is:

The conservatism of the coalition parties. Mr Malinowski, speaking to the Financial Times yesterday, said the call from Mr Walesa was "demagogic" and thet Poland needed a grand coalition of all the parties, including the Communists, not rule by Solidarity. However, the Democrats said the offer would be "studied with great interest."

The opposition of the Soviet Union. President Jaruzelski

The opposition of the Soviet Union. President Jaruzeiski has already told opposition leaders that a Solidarity government "would not be understood by our neighbour" notwithstanding the supposed end of the Brezhnev doctrine, which prohibited any Sovietbloc country from deviating from Communist orthodory.

The inexperience of Solidarity. In recent weeks, Solidarity ity. In recent weeks, Solidarity leaders like Mr Stefan Brat-kowski and sympathetic inde-

nomic programme. It contains nomic programme. It contains
a diversity of views on the
economy, ranging from neo-liberal to vaguely socialist, while
its main publications have
tended to support wage indexation and the strikes now being
mounted almost daily for

monnted almost daily for higher pay.

The Communist Party, now led hy Mr Miccayslaw Rakowski, the former prime minister, made no comment yesterday on Mr Walsa's call. However, Gen Kiszczak was said to be continuing his efforts to form a government while Mr Rakowski continues a programme of pep talks to the dispirited party faithful.

Prime Minister Caeslaw Kiszczak, a senior Communist,

has been trying to put together a government since he was appointed on August 2, but his efforts have been stymied by Solidarity's refusal to join in a grand coalition", agencles

Kiszczak, a senior Communist,

The two small parties have long been loyal to the Communists, but their traditional alliance has shown signs of cracking in recent weeks as the Communist Party has begun to dismantle its 45-year monopoly on power.

Czechs flock abroad as travel curbs are eased

By Lealie Collt in Berlin

THE HARDLINE leadership in Prague is lefting Czechoslo-vaks travel to the West in record numbers and has made

vaks travel to the West in record numbers and has made the first important concessions to the Roman Catholic Church in 16 years.

But the Communist party's refusal to begin a dialogue with the political opposition or to carry out urgent economic reforms has led to intensified struggle within the political or Nearly half a million Czechoslovaks have visited the West under travel regulations liberalised last May, according to officials in Prague. People are given permission to travel after paying the authorities \$10 for each day they apply to visit the West German and Austrian embassies for visas.

The West German ambassy said nearly 4,000 were applying for visas every day but it was only able to issue 2,500. An estimated 400,000 Czechoslovaks are expected to visit West Germany this year under the liberalised arrangement.

Ironically, easier travel has caused the black market rate for Western currencies to soar. Ordinary Czechoslovaks who

Cardinal Tomasek, head of Czechosłovakia's Catholic Church, has offered to mediate between the Government and the liberal opposition, which has gathered 15,000 signatures for a petition calling for more political freedom. The offer comes amid increasing fears that protests marking the

that protests marking the August 21 anniversary of the Soviet invasion will be ruth-lessly suppressed.

bishoprics. But seven of the 13 dioceses remain vacant.
The authorities had insisted that only members of the proGovernment Pacem in Terris
organisation could be considered as candidates for the yacant posts. The Vatican, which has resisted the demand, says none of the appointees is a member.

Prague has also made an effort to improve its tense rela-

tionship with the Church, most

of whose members are in Slovakia, by making concessions over religious instruction and the training of priests.

Within the Communist party

itself tensions are reported to

have sharpened between Mr

Ladislav Adamec, Prime Minis-

ter and an advocate of eco-nomic reforms and contacts

with the opposition, and Mr

Milos Jakes, the party leader. Officials say the Prime Min-ister is convinced that the rap-

idly-worsening economic situa-tion will not improve until reforms are introduced. Under Mr Jakes even the modest eco-

nomic reforms begun in 1987 have come to a hait. Mr Adamec finds himself in

much the same predicament as

his predecessor, Mr Lubomir Strougal, who resigned last October after years of vainly

advocating economic reforms. In a speech last month Mr Adamec painted a bleak picture of

low growth, soaring subsidies,

mismanagement and worsen-ing competitiveness.

to the party that Czechoslovakia is a creditor nation, the Prime Minister pointed out in a speech to the Federal Assemble that the control of the Federal Assemble the control of the Federal Assemble that the control of the Federal Assemble the control of the Federal Assemble that the control of the control of the Federal Assemble that the control of the control

bly that the more than \$10bn loaned to developing countries

could not be recouped and that other Comecon countries owed

Czechoslovakia \$8hn.
Officials say the leadership is engaged in a holding action until the party congress next May. "By then they expect to know whether Mr Mikhall Gorbaches and May are the same of the same and the same of the same of

bachev will survive. If not, the pressure on Mr Jakes to reform will be gone," said one. Concerned officials say Mr Jakes, who was responsible for

the mass purges of reformist officials from the party after 1968, is determined not to open a dialogue with the small but increasingly active opposition.

While Mr Jakes has boasted

want to travel and have no access to hard currency are

forced to exchange their non-convertible korunas at the unofficial street rate. The black market rate for the D-Mark has market rate for the D-Mark has doubled to 25 korunas.

Meanwhile, in an overture designed to ease amouldering tensions with the Vaticam, the Czech and Slovak republics have allowed the appointment of four bishops to long-vacant bishopsics. But seven of the 13 dioreses remain vacant.

By Robert Taylor in .

NEITHER President Mikhall Gorbachev nor Mr Nikolal Ryzhkov, the Soviet Prime Minister, have a clear plan for rescuing the country from its economic and financial crisis, according to Mr Boris, Yeltsin. Writing yesterday in the main Swedish morning new-paper, Dagens Nyheter, the former Moscow party leader and head of a radical group of

parliamentary session was "ill-prepared and badly organ-ised" and that this had not been a coincidence. As soon as anybody had made an interest-ing and bold contribution to the discussions, he claimed, an

Mr Yeltsin added that the Communist party had to operate within the framework of the law and that it had to be "accountable to the elected Parliament which is the high-

Exodus of ethnic Turks from Bulgaria tops quarter million

By Jim Bodgener in Ankara

THE NUMBER of ethnic Turks who have crossed from Bulgaria into Turkey this summer rose to 250,000 yesterday, mak-ing the exodus one of the largest population movements in Europe since the late 1940s. Some of the migrants say they were forced to leave, while others say they took advantage of an easing of curbs on travel to

pressing Turkish culture.

Mr Mesut Yilmaz, Turkey's
Foreign Minister, confirmed
yesterday that unless Bulgaria
started negotiations on tha
issues, his country would boycott an environmental meeting to be held in Sofia in October under the aegis of the Conference for Security and Co-operation in Europe (CSCE). He also said Ankara was pre-

at least on the Turkish side
has been presented to Presi-

dant Kenan Evren for

The measures would, in the-

ory, bring Turkey closer to full integration with world finan-

cial markets, and are a perpar-atory move in its application for membership of the Euro-

approval.

paring to take the issue to the United Nations Security Coun-cil. "We are making careful preliminary contacts with council members in order not to risk a negative vote."

Ankara-based diplomats pre-

dicted that Bulgaria, concerned about the loss of skilled labour, might act to stem the flow around Idm.
Mr Albert Chernichev, the
Soviet ambassador to Ankara.

has had no success in mediat-ing in the dispute despite repeated efforts which have been welcomed by Turkish offi-

to the Security Council if eth-nic Turks from Bulgaria are settled in significant numbers in Turkish-occupied northern Cyprus, from which nearly 200,000 Greek-Cypriots were driven by the 1974 Turkish

A Greek government spokes-man said that such a move

man said that such a move would be considered "a major issue" which would have "all the consequences entailed by this term."

The spokesman said that so far only two Bulgarian families had settled in Cyprus, and that "relevant protests" had been made. Athens and Nicosia have here here a payry at the settle. repeated efforts which have been welcomed by Turkish officials.

Our Foreign Staff add: Greece and Cyprus will appeal change its demography.



Yeltsin: lengthy diatribe

Yeltsin hits at Soviet leadership

deputies in the new Soviet Par-liament, also claimed that Mr Gorhachov's social policies were "vague" in a situation

where "an estimated 48m Soviet citizens live in mimimal

Soviet citizens live in mimimal conditions."

In a lengthy distribe against the current Soviet leadership written specially for the newspaper, Mr Yeltsin also criticised the Soviet Parliament for failing to take real steps to transfer power from the Communist party. "The party is only a part of society," he said. "It has 20m members while the people number 280m."

He suggested that the recent parliamentary session was

"organised" speaker would try to lead the debate in another

Some 130 East Germans - families, couples and single people - are holed up in the five-storey building and achieved," the statement said. The GDR (East Germany) is howling because it knows there is little it can do to thwart these people," said one a compound annex where they sleep on mattresses. "There was a lull at the weekend and then a large num-

Visa demand forces Bonn

WEST Germany yesterday shut nomic reasons or out of frus-

to shut E Berlin mission

In Bonn, Mr Rndolf Seiters, a minister in the office of Chan-cellor Helmut Kohl, said West ber came again yesterday. We reached the limit of what is bearable," said mission spokes-Germany did not encourage man Mr Eberbard Grashoff.
A couple of would-he emigres from Meissen, in the any East Germans to emigrate hut had a duty to offer aid to those who wanted to.

south of the country, travelled nearly three hours by train "No-one has an interest in depopulating East Germany," he told a newspaper inter viewer. "But it is quite clear that East Germany must reform if it wants to resolve the problem of the ever-growsaid the dejected man, who has ing number of people wanting

to emigrate."
With border fences coming been waiting three years to The mission will remain down, hundreds of East Germans have fled to Austria from Hungary while on holiday. About 70 such refugees arrived in West Germany on Tuesday hy train.

Bonn expects more than 80,000 East Germans to settle legally in West Germany this

Growth in TV viewing

By David Goodhart in Bonn

West Germany now has more viewers of cable and satellite TV than any other country in Europe according to a report by the London-hased PETAR research group funded by vari-ous public and private broadcasting systems. An estimated 11.75m viewers

in Germany regularly watch cable channels which, the report says, represents an increase of nearly 50 per cent in the past year alone. About half of all households can now receive cable TV in Germany. RTL-plus, owned by the Ber-telsmann group, reports a rush both of them won hy Germans - having outbid the two publicsector stations ARD and ZDF. RTL-plus can now be picked up in about 5m German house holds a few more than its main

in the 11 countries it studied -the Scandinavian countries, Belgium, Holland, Britain, Ireland, Austria, Switzerland and West Germany - there are now a total of 43m potential cable viewers. And every day telsmann group, reports a rush more than 11m viewers watch of interest from new cable customers following its recent a 58 per cent increase on last coup in screening the Wimble-year.

don tennis singles finals live

The PETAR report says that

when the number of migrants reached 300,000. Ethnic Turks flee a regime that was supmake np just over 10 per cent of Bulgaria's population of

Convertible lira a step closer

two-way process.

LEGISLATION—taking the Turkish lira another step down the road to full convertibility

Turkish lira another step down the road to full convertibility

However, less sanguine com
abroad without official permismentators pointed out yester-

Incentives have also been day that convertibility is a increased to encourage repatri-Under the legislation, Turks would be able to purchase for-eign exchange from hanks ation of overseas earnings.

Turks have been allowed to hold foreign currency accounts internally eince 1984. The result has been that the dollar, and to a lesser extent other hard currencies, have almost without having to certify overseas travel as the reason. In addition, the ceiling on individual private foreign exchange pean Community.

They would make the lira 80 the equivalent of \$3,000. In hecome parallel currencies with the lira.

Estonian Supreme Soviet votes to disenfranchise ethnic groups

ESTONIA'S parliament which are due late this year, pesterday passed a law disentranchising many non-Estobelieved it could eventually be yesterday passed a law disen-franchising many non-Esto-nians. The move is likely to worsen relations with the republic's sizeable Russian

minority, Reuters reports from Moscow. Some Russians in the republic threatened to strike in pro-test, local journalists said. Many Russians see a drive in Estopia for greater autonomy from Moscow as threatening

their rights. Members of the the Estonian parliament, or Supreme Soviet, voted overwhelmingly after a heated debate in favour of new rules setting a minimum residence raquirement of two years for voters and five years for those standing for office. The law would initially apply only to elections to city and district Soviets or councils extended to the republic's

Supreme Soviet.

We do not yet have a law establishing Estonian citizenship, but this is the next best thing," said Mr Eugen Pess, a spokesman for the Estonian Popular Front, a radical mass movement which has backed the controversial plan.

A committee representing members of the local Russian population, many of whom work in heavy industry, called a general strike for today, a Journalist at Estonian television said.

Some 194 deputies voted for the new law under which only those who have lived at least two years in an electoral district or five years elsewhere in Estonia can vote in local polls. The law also stipulates that only those who have lived at least five years in a particular district or 10 years elsewhere in Estonia may stand for local

The Supreme Soviet rejected a compromise proposed by Russian deputies which would have reduced the residence requirement for potential deputies and scrapped any restric-tions on voters.

Ethnic Estonians made up about 65 per cent of Estonia's 1.5m people in the 1979 census, the last for which full results are available, with Russians, at 28 per cent, the second largest However, continuing immi-

gration by Russians and other non-Estonians has shifted the balance so much that Esto-

est organ in the country." Parest organ in the country." Par-liament had the right to ques-tion the party if it overreached the law, but should not inter-fere if it behaved legally. "Only this is a guarantee against a relapse into the past — to the personality cuit, and other negative, dramatic and tragic sides of our country's history," he said.

Dinosaur attitudes stifle initiative in Austria's museums

Judy Dempsey reports on the bureaucratic inertia that lies behind the resignation of two leading directors

THE Austrian bureaucracy, that colossal weight capable of stifling all initiative, has worn out the patience of the country's two leading museum directors.

Professor Hermann Fillitz, director of the Kunsthistorische, and Mr Dieter Ronte, director of tha Museum of Modern Art, resigned last month. What precipitated their actions was their objections to plans for a new museum of modern art. And while their resignations have

were the byzantine and archaic conditions under which hoth men worked discussed.
Unlike those of other European countries, Austrian museums do not come under one ministry. The directors are answerable to the Chancel lery, the Ministry of Science and Research, the Economic Ministry and, in the case of the Kunsthisto-

rische, the Burghauptmannschaft,

the superintendent of the imperial

provoked a discussion in the media

about the role of museums, not once

"I am dependent on different administrations," said a weary Professor Fillitz. "If I want to improve the plumbing, I cannot contract a builder. I have to plough through the ministries to seek parmission if was ministries to seek permission. It was the same battle in trying to have an elevator and book shop installed."

Mr Ronte, who will become the

director of a new museum in Han-nover, goes further: "If I do anything which costs more than Sch30,000 (£1,350), then I have to inform the Ministry of Science. I have to inform the minister himself if I want to spend more than Sch150,000. If I wanted to use one of the guest rooms in the museum, we were ohliged to seek permission. Every step involves politicians. It took eight months for my contract to be confirmed by them."

But it is not only the hureaucracy which wore down the two directors. It was also the attitude towards the visual arts.

Mr Ronte, a man resented by sections of the Austrian establishment

it carries no social kndos.

"The Viennese delight in going to the opera and the theatre. They love to be seen. It is a social, not an intellectual exercise", he says. Besides, he adds, there is still a deep antipathy to modern art in Austria and to running international modern art exhibitions.

He recalls the time when he

opened an exhibition whose paintings were interpreted by the Catholic Church as blasphemous. Disciplinary proceedings were brought hnt dropped because of a fear of adverse international publicity. It would, of course, be unfair to say that all Austrians are against modern art Mr Franz Vranitzky, the Chancellor, has dona much to promote a greater interest in 20th cen-tury painting and to introduce a more liberal and tolerant climate in

which artists can work. which artists can work.
But there are some who are deeply bostile to foreign influences. In a recent article published in Freie Arguments, the journal of the rightwing Freedom Party, a Mr Georg Hanreich suggested there was no need for Austrian museums to exhibit or collect rop Austrian exhibit or collect non-Austrian works. People could travel abroad to see them if they wished. Mr Han-reich is employed by the Ministry of

The cream of the Austrian artistic and cultural community, many of whom were Jewish, were killed in 1938 or forced to emigrate. Prof Fil-litz says this has left the country without a critical middle class and without decent media to promote ideas and discussions about art. "After 1918, the greatest collectors were Jewish," says Professor Fillitz. He cites, among others, Erich Led-erer, a friend of Egon Schiele, the

doyen of Vienna's fin-de-stecte artis-

tic movement. But like other Jewish intellectuals who fied after 1938,

they were not invited back by the post-war Austrian government. Besides the dearth of ideas contributing to the malaise of the Austrian museums in particular and intellectual life in general, unremitting political interference has frustrated innovation.

For years, Prof Fillitz has been

trying to push through restoration and conservation work. The Kun-sthistorische boasts one of the finest collections of Breughel. But they are stored away because of the muse-um's poor lighting and temperature. Another collection, of more than 600 tapestries which can match the Flemish collection, are folded away "in a horrible store room. . . . prob-ably being damaged", says Prof Fillitz. An injection of capital could save these collections. But the politicians and the ministries, obsessed with paper work (rarely less than triplicate) seem to have different ideas about what the museums

should be doing. Indeed, some of them argue that

one of the primary functions for museums is to attract tourists. There are mixed feelings about Mr Erhard Busek, the new Minister for Science and Research, who admitted in an interview that "I am happy that both of them (Prof Fillitz and

Mr Ronte) are going, because now I can move things".

It remains unclear what Mr Busek wants to do. He talks about greater autonomy for the museums. He says he will try to increase the annual budget of Sch108hn hy about 15-20 per cent. He advocates a more managerial approach to the museums. He is quick to dismiss suggestions that Prof Fillitz and Mr Ronte were strangled by bureaucracy; "There's a certain Austrian attitude - that is always to blame others . . .

Mr Ronte's answer to that is that Austria is a country with "hig reserves of fantasy". Marrying the fantasy with the reality will not be an easy task for Mr Busek as he tries to bring Austria's museums into the

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Carter agrees to monitor elections in Nicaragua

By Lionel Barber in Washington

FORMER President Jimmy Carter said yesterday he has accepted an invitation from the

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Section 1

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The amouncement followed last Monday's agreement by five Central American presidents to disband the Nicaraguan Contra rebels, a sharp reverse to President George Push who had boned to keep Bush who had hoped to keep the rebels intact as a fighting force in the run-up to the elec-

Mr Carter did not receive approval from the US govern-ment for his planned role, and his announcement yesterday puts even more pressure on the Administration to focus on free and fair elections in Nicaragua.

The Central American agreement to disband the Nicaraguan Contra rebels is a sharp, if not unexpected reversal for President George Bush, and will be likely to force Washington to reassess its policy in the

region.

Mr Bush had hoped that the five Central American presidents would refrain from demobilising the Contras until after next February's elections in Nicaragua. But President Azcona of Honduras, whose country has served as a base for the Contras for the past eight years, falled to respond to US pressure and went along with Nicaragua's demands for demobilising some 12,000 rebels by December 8.

The Bush Administration is now expected to focus increas-ingly on securing guarantees of safety for rebels returning to Nicaragua and to ensure that next year's elections are free

In its search for new lever-age, the Administration will seek support from its West European allies to halt or sub-stantially reduce the amount of new loans and aid to Nicaragua. US officials said yesterday. that it would be wrong to "bail out" Nicaragua before it is clear that the Sandinista regime is willing to move to democratic procedures. "Eco-nomic aid will be a hig issue,"

Officials added they were disappointed that the agreeaccepted an invitation from the Nicaraguan government to lead an international delegation to monitor elections there next February.

The amount cement followed lest Monday's agreement followed lest Monday agreement followed le establish measures to disbend the leftist guerilla forces oper-ating in El Salvador.

Last week, in what proved to be a successful clear effort to influence the presidents' meet-ing in Tela, Honduras, the Sandinista government made several concessions to the internal Nicaraguan opposition, includ-ing the suspension of military conscription for six months before the elections, and offer-ing a general amnesty for political prisoners once the Contras disbanded.

The State Department welcomed the outcome of the dia-logue, saying it was a "victory for all of the democracies, including the United States". On Monday morning, however, Mr James Baker, US Secretary of State, sensing the drift of the Tela meeting, reportedly called President Oscar Arias of Costa Rica and warned of a right-wing backlash in the US if the Contras were disbanded.

This seems unlikely in the short-term, at least, because Congress has just gone into recess. The Nicaraguan issue, which once polarised American politics under President Reagan, lost much of its conten-tiousness after last February's agreement between the Admin-istration and Congress cutting off military aid to the rebels. Some \$50m of humanitarian aid was approved, some earmarked by Congress for repa-

triation purposes.
The Bush Administration remains concerned about the level of Soviet aid to the Sandinistas. Officials refuse to condimens, originals refuse to confirm reports that Moscow has suspended military aid which last year amounted to almost \$500m a year, along with an equivalent amount of economic aid. Mr Baker will raise the issue in next month's meeting with his Soviet counterpart, Mr Eduard Shevardnadze.

Editorial Comment: p14



Juime Paz Zemora, Bolivia's new lettist president, on Monday demanded the loyalty of the armed forces in consolidating the country's fragile democracy and fighting cocains trafficking.

"We must integrate military force and political power," he said in a speech during a military parade. "As head of the armed forces, I demand your unconditional loyalty."

Argentine inflation hits record

By Gary Mead in Buenos Aires

ARGENTINA'S monthly inflation rate broke all previous records in July, reaching:
196.6 per cent for retail and
208.2 per cent for wholesale
prices, according to official figures released this week.

July's figures are the third successive month in which consumer prices have been in excess of the previous monthly record of 37 per cent, in March 1976. In May this year, retail inflation reached 78.5 per cent a month, followed by a further 114.5 per cent increase in June. Accumulated inflation for the past 12 months shows a 3,610 per cent increase in retail and 5,640 per cent increase in

President Carlos Menem took office on July 8, and much of the month's hyper-inflation is an inheritance from the previous Radical government.
Public opinion has so far not
turned against him, although
there are fears that the high
wage settlements achieved by wage settlements achieved by trades unions during July-ranging between 160 and almost 200 per cent - will have their effect on inflation for

A fragile prices and incomes agreement is now in place until the middle of September, which President Menem hopes will stem recent hyper-infla-tion and provide a breathing space for his government to introduce a set of cost-cutting measures designed to eradicate some of the basic causes of Argentine inflation, such as vast over-spending in the state

Independent analysts snggest that August's inflation will run at between 28 and 40 per cent, despite the price freeze. That threatens to bring with it a resurgence of pressures from trades unions and industry to hreak the current accord. Public opinion has so far not turned against President Menem's handling of the economy; observers calculate that the current honeymoon period may persist until Octo-ber.

Brazilian economy begins to heat up

By Ivo Dawnay in Rio de Janeiro

BRAZIL'S see-saw economy appears to be heating up once gein despite 28 per cent inflation and consumer complaints of large price rises. Official industrial production

figures for June, published yes-terday, showed output up by 4.4 per cent against the same month last year, continuing the upward trend recorded in May. Yet, at the same time, the Sao Paulo Federation of Commerce has reported a fall of 5.8 per cent in retail sales volumes for July against the previous month. The improvement in output has helped to reverse a sharp 7.1 per cent downturn in the first quarter when a price freeze imposed in January provoked companies to cut stocks.

For the first half as a whole. Brazilian output has dropped 2.1 per cent against the same

period last year. President José Sarney is expected to announce a new package of measures later this week, aimed at cutting the public sector deficit and reining-in inflation, expected to exceed 30 per cent in August.

Brazilians make a killing on the phone exchange

It may be almost useless, but if you sell your line it could earn you a fortune, writes Ivo Dawnay

B work - only five years ago one of the more efficient in the world - is rapidly becoming ahout as user-friendly as a broken Rubik's

Engaged tones often begin before the fourth digit is dialled, correctly-dialled calls ring wrong numbers, con-nected calls spontaneously collapse and crossed lines are as commonplace as cross sub-

scribers.
Successfully ringing between the country's two largest urban centres - São Paulo and Rio de Janeiro – can often take as many as five attempts. And it is hardly surprising that the convention for callers who succeed in "getting through" is first to ask with whom they are connected - understandably fearing the worst.

That, measured in secre-taries' tears and executive stress, is the downside of Brazilian telecommunications. The upside is that those lucky enough to own a line have watched their asset over the last 12 months ontperform every other available invest-ment from the black dollar to

While inflation has risen a record 964 per cent, gold 971 per cent and the dollar 1,127 per cent, the value of this humdrum and frequently useless apparatus has gone up an stonishing 2,600 per cent in

just a year. A business telephone line in the most phone-starved São Paulo district of Alphaville now costs 60,000 New Cruzados, about \$30,000 at official exchange rates or the equiva-lent of three and a half hrand new Brazil-built Ford Escorts. Elsewhere in the city prices for residential lines fluctuate

between NCz10,000 and NC220,000, up from NC22,200 as recently as last December. Rental rates are currently between NCz300 and NCz500 a

Companies in liquidation have found that the value of their lines can redeem their liabilities while otherwise amicahle divorces have turned to litigation over who is to keep the

So Telebras, the state-owned utility, must surely be getting rich? Not a bit of it. The shortage of lines - a consequence of dirt-cheap tariffs and a disas-trous cut in investment in the early part of the decade - has created a vast private sector market of phenomenal growth

potential Today, according to Mr Mario de Almeida, who trades some 300 lines a month, São Paulo alone bas up to 1,500 dealing companies. In the country as a whole an esti-mated 20,000 people are

110 504	20,000 PC	opic are
BR	AZIL'S 'PH	ONES
	Calls not connected	No. of Lines
1984	8.8%	6.7m
1985	8.2%	7m
1986	16.2%	7.2m
1987	24.8%	7.3m
1988	26.8%	8.2m

involved in a business theoretically the exclusive preserve of the state.

Technically, the trade should be illegal. But dealers have successfully mounted defences asserting citizens' constitutional rights to trade their property as they please. Spotting the explosion in prices, many new speculators have quit their jobs, liquidated their non-essential assets and gone into the business

This has annoyed old-established companies such as Mr de Almeida's grandly named Camara de Valores de Telefones which tend to complain of a growing lack of professionalism among new

dealers. "There is a certain amount of speculation," he admits, defensively, "but most of us are merely providing the public with a necessary service."

Mr de Almeida, who charges 8 per cent for each transaction, believes the surge in prices is already tailing off and that they will only keep pace with inflation for the rest of the

But in the medium term, São Paulo will need to double the 5m lines currently installed if it is to meet current rates of

"If the Government does not invest heavily now, it's going to be complete chaos," he says. "A telephone will be something

only the very elite will own."
Inundated with complaints and legal actions, Telebras has resumed its iovestment programme which was almost halved by government order during the recession of 1983-84.

But even so, the utility believes that this year's \$2.3bn budget will be able to raise capacity hy only 760,000 lines taking the total to 9m lines to meet a demand estimated at perhaps a third as much

Long lead times needed to install new equipment mean that every New Cruzado spent now takes up to 40 months to filter through to customer ser-

vices.
Mr Gustavo Silva of the company's harassed public relations department points out that the problem is not tele-phone lines but exchanges. It is made worse by one of the lowest tariff rates in the world. In the last 15 years, successive governments have allowed charges to fall 383 per cent behind inflation. As a consequence, a three-minute local

call in Brazil costs the equivalent of 0.5 US cents compared with 24 cents in the US and 50 cents in Britain. So far this year the Government has allowed rises in charges of some 153 per cent while inflation has gone up 255 per cent - s policy that can

only be explained by Brasilia's need to be seen to be complying with its own price freeze. "If investment cootinues as it has done since 1985, if tariffs follow inflation and if taxes are returned to the system, then we will eventually have a better network than the US," Mr Silva explains.

"But without those three hig 'ifs' we will continue as we

Or, to borrow a familiar British Telecom catchphrase, would-be subscribers unable to fork out a sum equivalent to 160 times the national minimum salary for a line had bet-ter "please try later".



Companies which do business throughout the world are confronted frequently with unfamiliar markets, regulations

Consequently, certain transactions do not always proceed as smoothly as the company might wish. Which is why the ABN has a network of almost 1,000 offices spread over 44 countries. These operations are run by managers who know the local markets like the back of their hand.

And who have important contacts both in the business community and in government circles.

Moreover, these managers have ready access to each other's specific know-how whenever necessary. And they also share this know-how on a regular basis. As a result, the ABN can repeatedly seek out new ways to arrive at interesting financial solutions for its clients.

Thanks to its network, the ABN can therefore hold

its own with the world's major banks when it comes to advanced products and services. Throughout the world renowned multinationals and large local companies operating internationally, avail themselves of ABN know-how.

For day-to-day banking services, of course, but particularly also for specific projects, which may run from leveraged-lease aircraft financing to co-generation energy projects. And from complex swaps to off-shore loans.

This then is the firm foundation on which the ABN builds solid relationships with large numbers of international enterprises. Because a bank that knows the world, automatically becomes known throughout the world.



AWORLD OF UNDERSTANDING.

OVERSEAS NEWS

Japan predicts long expansion as exports grow

JAPAN'S current economic boom, the longest sustained expansion eince the 1960s, is set to continue, says the Gov-ernment's Economic Planning Agency in its annual report on the economy.

However, the report published yesterday warns that lit-tle or no reduction can be expected in the size of Japan's current account eurplus with other countries. The EPA says that even though domestic demand has taken over from exports as the main engine for growth, exports are still growing, so Japan's current account balance will stay "more or less the sama" despite increases in

The agency singles out several problems facing the economy — the slow-down in the correction of external balances, the higher price of Japanese goods at bome compared with foreign markets, the distribu-tion system, the rise in land prices in Tokyo, and the slow-ness of the reduction in work-ing hours.

The report calls for more

deregulation. It wants reforms to promote imports, including

market-opening measures. It makes specific recommen-dations for land reforms in order to ease shortages, including changes in the taxation of land, revisions in the law controlling rented land and accommodatioo, and the promotion of land trusts, which are vehicles designed to allow owners to raise development funds more easily. The EPA also wants more companies to disperse their activities ontside

Iraq calls

for formal

peace treaty

1RAQI President Saddam Hissein yesterday called on Iran to sign a formal peace

agreement a year after a UN ceasefire halted the eight-year Gulf war, Reuter reports from Baghdad.

"The ceasefire alone is not the sole fortress for peace..." he said in a nationwide radio and

television broadcast to mark the announcement by UN Sec-

retary-General Javier Perez de

Cuellar of the ceasefire agreement on August 8, 1988.

plete and clear peace agree-

ment, comprising all legitimate rights and dnties (of both

states) is what we strive to achieve," he added. The speech, read on Presi-dent Hussein's behalf, said:

Our desire for peace was con-

firmed through all our inten-tions over the past nine years,

hut Iran's rulers, in their deeds

and probably intentions as well, (are) far away from

Despite several rounds of talks since the ceasefire came

into effect on August 20, 1988,

there has been no progress on

a lasting peace settlement of the war in which Western ana-

lysts say as many as 1m people were killed. Talks deadlocked when Iraq

demanded that the Shatt al-

Arab waterway dividing the

two Middle East countries in

the south be cleared of war debris to make it navigable for

shipping, and Iran insisted that

Iraq withdraw its forces from

Iran had only formally

accepted UN Security Council resolution 598 which ordered

an immediate ceaselire in the Gulf War, President Hussein

all Iranian land.

Univ a comprehensive, con

Tokyo. Unlike the Bank of Japan, the EPA does not see inflation as a eerious danger.

It says Japan should con-tinue encoursging expansion led by domestic demand, while preventing inflation through cautious fiscal and monetary

The report says Japanese industry has successfully overcome the impact of the rise of the yen in the mid-1980s and has entered "a new phase", which coincides with the accession of the new emperor. sion of the new emperor. The new economic era is

characterised by increasing sophistication of production sophistication of production and of demand patterns, fur-ther progress in the interna-tionalisation of business, and the growing accumulation of wealth, says the agency. The increasing reliance on domes-tic demand will insulate Japan from external shocks, such as another oil crisis. The expan-sion has lasted 31 months, the second longest since the war. The so-called "Izanagi" boom in the 1960s continued for 57

The report praises the US for balancing the competing needs of controlling inflation and promoting growth. But It warns that America's external deficit cannot he solved by financial policy alone, "reduc-tions in the fiscal deficit are

indispensible." It adds: "There are limits to the ability if Japan to solve the world imbalances by itself alone and the curbing of Amer-ica's domestic demand is extremely important in reaching a solution."

CHINA'S economic reform

programme is likely "to be bog-ged down for the next few

ged down for the next few years" following the crushing of the pro-damocracy movement in June, according to a report prepared by the US Central Intelligence Agency.

CIA analysts present a gloomy view of China's chances of reducing infilation, improving living standards and the trade and budget deficits.

The report is also pessimistic on prospects for decontrol of

prices and decentralisation of

key production and distribu-tion decisions.

The intelligence agency said

the Chinese economy faced

many of these problems before

The report has been pre-

pared for the subcommittee on

technology and national secu-rity of the Joint Economic

Committee of Congress.
Senator Jeff Bingaman, the subcommittee's chairman, said

yesterday: "The clock is turn-ing backwards for the Chinese

economy. A decade of eco-

nomic reform may have effec-

tively come to a standstill with

the crackdown in Tiananmen

over the past 10 years for eco-

nomic restructuring to suc-

The report argues that infla-

tion is likely to remain a serious problem. "With economic

reforms on hold, industrial effi-

ciency and labour productivity will lag and Peking will have

difficulty stimulating produc-tion of grain and industrial raw materials – items in

sbort supply.
"At the same time, pressure

He said the Chinese leadership may have been too timid

the crackdown.

By Peter Riddell, US Editor, in Washington

Tokyo powerbrokers switch on remote-control PM Stefan Wagstyl reports on Toshiki Kaifu's rise to the top and his chances of staying there

MR TOSHIKI KAIFU, who was due to be appointed today as the new Japanese Prime Minis-ter, is heing dismissed as a pupper even before taking

Like his predecessor, the dis-graced Mr Sosuke Uno, who is resigning after only two months in office, Mr Kaifu is being dubbed "the remote-control Prime Minister". The people with their fingers on the buttons are the powerhrokers of the ruling Liberal Demo-cratic Party, who have made Mr Kaifo and can unmake him. Chief among them is Mr Chief among them is Mr
Shin Kanemarn, de facto
leader of the largest of the
LDP'e constituent factions. Mr
Kanemaru orchestrated the
campaign which yesterday culminated in Mr Kaifu's election
as party president and tha
LDP's candidate for the prime
ministership. The Diet (Partiament) was due to vote on the
appointment today. appointment today.
The root of Mr Kaifu's weak-

ness is that he has no personal power base inside the party. He is a lientenant in the small faction led by Toshio Komoto, which can muster 30 votes against 105 for the grouping named after Mr Noboru Tak-eshita, the former Prime Minister, and now led by Mr Kane-

Like Mr Uno before him, Mr Kaifu has been chosen because almost all the LDP's natural leaders have been ruled out by their involvement in tha Recruit scandal. They need a temporary Prime Minister who will do the job until they feel they have done penance long enough to return to the seat of power. Perhaps after the next eneral election, perhaps later. Mr Kaifu fits the hill because he is relatively young. He will be the second-youngest Prime

CIA report presents gloomy

picture of China's economy

of the demonstrations, adding

cent, and 19 per cent nation-wide, according to the CIA

report.

"Competing pressures to increase spending will probably prevent the retrenchment

programme from bringing inflation under control," the

report says. "In urban areas, inflation will probably remain above 20 per cent up to the end

of 1990; nationwide, inflation is also likely to remain in double digits for at least the next 18

According to the CIA, the Chinese authorities are facing a policy dilemma in which

persistent inflation will fuel social unrest by eroding standards of living, but rigorous enforcement of the austerity policies would probably swell

the ranks of the unemployed,

emblitar workers whose income subsidies do not keep

pace with price rises and anger

farmere paid with IOUs for

their crops."
Peking's ability, meanwhile,

"to draw on foreign resources to alleviate domestic shortages,

promote exports, and fund infrastructure and industrial

projects has been diminished by the reluctance of foreign

to inflationary pressure."



Toshiki Kaifu (second from right), the new LDP leader, is congratulated by his predecessor Sosuke Uno (second from left) and rival candidates Shintaro Ishibara (left) and Yoshiro Hayashi (right)

Minister since the War and the party president will help first born during the reign of restore the party's tarnished

Emperor Hirohito.

He is also virtually untainted by financial scandal.
He did receive money from the Recruit company hut it was all in legal contributions amount-ing to some Y15m (£67,000). So party leaders hope the new

public image. Mr Kaifu himself and his supporters have recently made much of his loy-alty to the late Mr Takeo Miki, who was Prime Minister in the mid-1970s and tried to clean up politics after the Lockheed scandal.

OFFICIALS CONCERNED OVER MAN

JAPANESE officials expressed concern yesterday that Mr Toshiki Kaifu's lack of experience in sanlor cabinet posi-tions could affect the new leader's handling of economic and diplomatic issues, Ian Rod-ger writes from Tokyo. An official in the Ministry of

International Trade and Industry said strong political leader-ship would be needed for the forthcoming negotiations with the US on structural harriers to trade. The US is demanding

"Industrial and export

Without further reform, the

report argues, China will be unable to alleviate the imbal-

ances in its economy by mea-

sures such as boosting grain production, encouraging devel-opment of energy and stimu-

lating exports of manufactured

goods.
Colleges nationwide have cut

by 1.148 the number of high school graduates they will accept from Peking, an official newspaper reported yesterday

in another apparent effort to prevent student unrest, AP

reports from Peking.
Meanwhile, more reports of arrests from the spring's seven weeks of student pro-democracy protests trickled into the capital A report from the

capital. A report from the Hebei Daily, seen in Peking yesterday, said seven Peking student leaders and other

alleged counterrevolutionaries

were arrested in Hebei last

The newspaper China Daily

quoted Li Huangguo, deputy chief of the Higher Education Bureau, as saying colleges had

adjusted their admissions to

compensate for overenrollment

in some majors.

growth would probably slow if

to increase Government expen-diture (notably on defence) will to sign new investment and probably grow in the aftermath loan agreements.

The political intest occurred when the Peking Government was already trying to implement an austerity programme.

The CIA analysis estimate the CIA analysis estimate the CIA analysis indus.

that growth of China's indus-trial output fell by almost 50 per cent to 11 per cent in the first half of this year. However, changes in bankruptcy law to

urban inflation continued at an ease the allocation of resources annual rate of almost 30 per are likely to be postponed

indefinitely.

that Japan make substantial changes to its complicated dis-tribution systems.

An official at the Ministry of Agriculture was worried about

the new Government's approach to the agricultural sector negotiations in the Urugnay Round of multilateral trade talks under the General Agreement on Tariffs and

Japan's total ban on rice imports will be up for discussion, and officials are con-

Sri Lanka

divided over

troop terms

DIVISIONS began to emerge in Sri Lanka yesterday over a

response to India's proposals

for withdrawing its troops from the country.

The proposals of both India and Sri Lanka at last week's abortive talks in New Delhi were officially disclosed for the first time by Mr Ranjan Wilet atne, the Sri Lanka Foreign of Minister to a special assession of

Minister, to a special session of

The disclosures came as India

withdrew a further 700 troops

yesterday.

According to Mr Wijeratne,
India has offered to pull out its
troops at the rate of 1,500-1,600

a week, with the last troops leaving in February. Sri Lanka demanded that the last Indian

troops be out by mid-Septem-

ber. India also proposed a 15-day

ceasefire against the Tamil Tigers, the guerrilla force fight-

ing for a separate Tamil state. This could be extended once

the Tigers agreed to join a con-ciliation council. Sri Lanka called for an immediate and

unconditional ceasefire against

the Tigers.
It emerged yesterday that a

small group within the Cabinet, including senior ministers, favours a policy of compromise with India. The Sri Lankan

army also wants to avoid a confrontation with India when

it is overstretched dealing with

But it appears that President

Ranasinghe Premadasa wants

time to allow public opinion and Parliamentary pressure to build up against the Indian

the extremist Sinhalese move

ment the JVP.

By David Housego

in Colombo

largely a rubber-stamp for a choice made earlier by heads of the factions which make up the party. Many voters con-demn the faction system as Also Mr Kaifu will be subject

to the same party pressures as any other LDP Prime Minister. Last night the governor of Aichi, the prefecture which is Mr Kaifu's home territory, was rubbing his hands with glee saying that Aichi would surely now get a planned new airport and a linear motor train track, a high-technology transport

System.
Some analysts say that Mr
Kaifu may yet confound critics
who have written him off
before he has started. He has
been given a very heavy
responsibility by party leaders
- if he does better than they
expect in restoring confidence
in the party, they may find it
difficult to remove him.

Mr Kaifu could generate an
unexpected wave of personal

Mr Kaffu could generate an unexpected wave of personal support, inst as Mr Ryctaro Heshimoto, the party's out-going secretary-general, did during the recent election campaign for the Diet's npper house. The LDP lost disastrously, but Mr Hashimoto, 53,

his political career.

Mr. Kaifu became secretary
to a Diet member and after his
mentor's death inherited his
seat in 1960. Ha has been a Diet
member aver since, rising
through the ranks on the high corporate taxes. Overall, conveyor belt which almost automatically brings office to LDP politicians once they have been in Parliament long

enough. He has no experiance of managing economic or foreign policy, but he does have some interest in international

ponent to a settlement. "If Iran

is to exert influence in Leba-

non, it needs something in

return," says Ms Hunter, "and Iran desparataly needs

short-term cash to repair its

economy," Professor Shaul Bakhash at

George Mason University, Vir-

ginia, argues that Iran's cash crisis is less acute, and rejects

parallels between the events of

Energy Commission — to secure the release of French hostages. "European hostages are not such a problem. His-tory tells us that it is not easy

to get Americans released in

One critical question is the

won high praise for his cam-paigning style. Many voters supported opposition parties in

the election only to register an

anti-LDP protest.

If they return to the fold for the next general election, which has to be held by next summer and raight be called somer, then Mr Kaifu might be

able to claim some of the

credit. Mr Kaifu has an eye for pop

ular appeal. He has appeared on television talk shows and once sang in front of the cam-aras. He always wears n tie with polka dots. He has a col-

However, the prospects of outmanoeuvring the party elders are remote, and nothing in Mr Kaifu's past euggests he

in Mr Kaifu's past euggests he has the stomach for such political guerrilla warfare.

Mr Kaifu was born in 1831 in Nagoya to a middle class family which ran a photographic studio. During the war, Mr Kaifu wanted to become an air Kaifu wanted to become an air

force pilot and passed exams to the Army Avietion Corps, but

was too young to be enlisted. In 1952, ha entered Waseda University, where, in the debating club, he established a reputation for eloquence which has since been a hallmark of

ner of Mr Kaifu's election counts against him. Newspa-pers have repeatedly pointed out that yesterday's ballot was CHOSEN TO REHABILITATE LDP

cerned about their lack of con-tact with Mr Kaifn up to now. On the other hand, the Min-istry of Finance was relieved that Mr Kaifu would try to Japanese business leaders wel-comed his election as a first step towards the rehabilitation of the Liberal Democratic that Mr Kaifu would try to build public support for the controversial 3 per cent con-sumption tax. Big business leaders are particularly eager that the new Government not give in to public and opposi-tion party demands for an abo-lition of the tax. They strongly promoted it, partly as a trade-off for a reduction in of the Liberal Democratic Party, However, they too were concerned about the lack of contacts they had with him. Mr Etil Suzuki, president of the Japan Employers' Federa-tion, said they were trying to put together an advisory group of business leaders to counsel him on economic and

counsel him on economic and Bush ponders the Iranian

Lionel Barber in Washington and Laura Ram in Amsterdam

N HIS search for a breakthrough in the current Middle East hostage crisis, President George Bush will by

Mr Kaifu said at a press con-ference: "I will tackla the issues of political reform and political ethics, which have

been discussed since the Miki Cabinet." However, the man-

cerned about their lack of con-

as a bargaining chip in the dip-lowatic negotiations... Money and weapons were seized by the US 10 years ago after Iranian militants stormed the US embassy in Tehran and held 52 Americans captive for 444 days. The idea would be to release some of the assets as a goodwill gesture to Iran, which

in turn would be expected to exert influence over the pro-branian Shia factions holding the remaining eight Americans in Lebanon. Hojatoleslam Ali Akbar Hashemi Rafsanjani, the new

swap.
The Bush Administration remains wary of being entrapped into direct hostage negotiations, if only because the Reagan Administration's Iran-Contra arms-for-hostages scandal is still so fresh in the

memory.
At the same time, however, some officials are anonymously some orintals are anonymously saying that the US may be willing to address the assets question, but only after the hostage crisis is resolved. This message was, according to some accounts, part of President Bush's letter to Iran (although

under the anspices of tha Iran-US Claims Tribunal in The Hague, founded in 1981 under the Algiers Accord which ended the Tahran embassy hostage crisis. The tribunal adjudicates claims from individuals and companies resistant from the revolution which ended the Tantan embassy hostage crisis. The tribunal adjudicates claims from individuals and companies arising from the revolution which overthrew the Shah. heavily outnumbered by Stare Department lawyers and resources, especially in the aftermath of the Iran-Iraq war. Independent experts such as Ms Shireen Hunter of the Cen-

assets card in crisis poker

examine the possibility of the US trading cash for influence

now have examined the option of using more than \$1hn (9825m) of from boundary assets

President of Iran, has already suggested that American hostages might be freed if the assets were returned. Yester-day, the Tehran Times repeated the idea of a guid pro quo, and suggested that Iran could help even in the avent of a US promise rather than an immediate return of the assets. The official response in Washington has so far been to dampen any prospect of a

it also contained a stern warning that the Tahran Government would be held responsible for the fate of the hostages). The assets in dispute are

IRAN-US CLAIMS TRIBUNAL 3856 2838 1218 Total cases filed Awards to US claimants

Awards to Iranian claimants The overwhelming number of tre for Strategic and Interna-cases are against Iran, though tional Studies at Georgetown University, do believe that the assets dispute could be a com-

the single biggest claim — as much as \$11bn of unfulfilled military sales, according to fran — is against the US. The assets are scattered among four escrow accounts: Federal Reserve Bank; some \$800m at the Bank of England, "several hundred million dol-

lars" in a "foreign military sales account" and an unknown amount in a Dutch totalling \$9bn in 1979 after the about \$1bn of Iranian assessing of the US embassy hose a loan made by the Shah of seizure of the US embassy hose a loan made by the Shah of seizure of the US embassy hose a loan made by the Shah of seizure of the US embassy hose a loan made by the Shah of seizure of the US embassy hose a loan made by the Shah of seizure of the US embassy hose a loan made by the Shah of the seizure of the US embassy hose a loan made by the Shah of the seizure of the US embassy hose a loan made by the Shah of the seizure of the US embassy hose a loan made by the Shah of the seizure of the US embassy hose a loan made by the Shah of the seizure of the US embassy hose a loan made by the Shah of the US embassy hose a loan made by the Shah of the Shah of the Shah of the US embassy hose a loan made by th The US confiscated assets tages to repay American bank loans to Iran; of that \$3bn was returned to Iran and about \$6bn was transferred to escrow accounts as part of the deal which freed the Americans.

Some \$4bn was quickly repaid

process. No other assets

to banks outside the tribunal Lebenon."

remain, both sides to the dispute agree.

The tribunal is the only offi-

for business the day after the state interests of Iran — effec-USS Vincennes shot down an tively led by the more prag-iranian civil arriiner last year, matic Mr Rafsanjani since the cials involved in the tribunal Lebanese factions, negotiations publicly discount. In the last resm any link between the escrow assets and the hostage crisis. Indeed, despite the public pro-nouncements of Mr Rafsanjani, the Iranians have made it clear

on numerous occasions that

they do not want to speed up negotiations because they are

heavily outnumbered by State

degree of control and influence which Iran may or may not have over the Shia Moslems cial link between Washington holding the Americans. Iran is and Tehran since diplomatic said to provide up to \$30m a relations were broken in 1979, month to factions in Lebanon. and the painstakingly slow including \$6.5m to Hizbollah, judicial process has proved the group which apparently remarkably impervious to the controls the hostages through successive crises in the US-Iran relationship.

The tribunal even convened Bakhash both agree that the

killing 290 people aboard.

Unlike some politicians on — are diverging from the both sides of the dispute, offiperochial interests of extremist

In the last resort, President Bush must make a fine judge-ment about when, if at all, to play the Iranian assets card in the current delicate diplomatic negotiations.

Any decision to do so would

probably signal far more about his Administration's desire to improve relations with Iran rather than the specific question of how to secure the release of American hostages held in Lebanon.

Lange's heir likely to follow Lange's policies Terry Hall reports on the accession of Geoffrey Palmer, New Zealand's workaholic prime minister

R GEOFFREY PALMER has been elected New Zealand's Prime Minister to succeed Mr David Lange who unexpectedly resigned yesterday. Mr Palmer, who is 47, won on the first ballot of Labour MPs. He was Mr Lange's Deputy and is seen as a compromise acceptable to the party's left- and right-wing factions. The Labour MPs elected Ms Helen Clark, a left winger, as Deputy Prime Minister. Ms Glark, who is 37, was Labour's first woman backbencher and is regarded as one of the party's stronest and most pragmatic ministers.

Mr Palmer was Minister of Justice hut has been a controversial figure as he was instrumental in promoting the Waitangi Tribunal which has led to the Maoris. He was regarded as a loyal, hard-working but dull supporter of Mr Lange and is expected to continue his

Mr Palmer beat off determined challenges from the Trade Minister Mike Moore and former Finance Minister Roger Douglas, the architect of the free market economic reforms which became known as Rogernomics whose return to Cabinet was the main factor prompting Mr Lange's resigna-

New Zealand's new Prime Minister is the antithesis of David Lange. Where Both come from university back-Mr Lange is witty, outspoken, unpregrounds. Mr Palmer, son of a newspa-



A cheerful Geoffrey Palmer yesterday dictable and a natural focus of attention in a crowd, Mr Palmer is introspective and by his own admission austere and a boring epeechmaker.

Mr Palmer shared similar attributes to Ms Helen Clark, his deputy, who was elected by Labour PM's yesterday. Both are self confessed workaholics and are little known to the public in spite of senior cabinet office.

per editor, was educated at universities in New Zealand and the US, is an Oxford fellow, a former professor of law at three universities and an expert in constitutional law.

Ms Clark a former anti-Vietnam war

and anti-apartheld activist spent eight years lecturing in the political sciences at Auckland University. She has adjusted her left wing theories since becoming a Cabinat minister.

Mr Lange once joked that her current acceptance of right wing economics had turned her into someone who was "so

dry she is combustible".

Mr Lange who at 47 is the same age of Mr Palmer considered him his most trusted lieutenant. For five years Mr Palmer served as deputy prime minister, being particularly active during Mr Lange frequent overseas tours.

Mr Palmer was viewed as Mr Lange's

heir. The two men held similar views. on major issues though Mr Palmer is widely regarded as a compromiser. The election of Mr Palmer and Ms Clark was greeted with joy yesterday by the opposition National Party which believed neither have voter appeal.

Mr Palmer attitude on foreign affairs is not clear. He spent many years in tha US and is pro-American. But he is retorn of nuclear ships from either Britain or the US into New Zealand Minister.

It is assumed he will continue Mr Lange's outspoken attacks on the Japanese and Taiwanese wall of death fish-ing methods which are decimating fishing grounds in the South Pacific. Mr Palmer's first big foreign affairs prob-lem is expected this week when a decision is due to be made by the New Zealand Government on whether to spend up to \$2bn on a joint venture with the Australians to build frigates. Mr Lange was determined this project would go ahead but it is opposed by a

most Labour MPs.

However, Labour chances of re-election are most likely to focus on domestic economic issues and the still troubled economy. A leading Issue will be the presence in the Cabinet of Mr Roger Douglas who has vowed to promote his own policies. Mr Douglas looked the loser from yesterday's voting and much will depend on the ministerial post he is offered to see how much influence he can command. Mr Palmer has hinted Mr Douglas will be given a post away from the finance area. Both Mr Palmer and Ms Clark are

believed to sopport a continuation of the reformed economic programme - a milder form of Rogernomics introduced expected to continue his party's anti-nuclear stance, and not permit the firmly under the control of Mr David Cargill, who succeeded him as Finance

Malaysia unveils asset sale plans

MALAYSIA plans to privatise
246 projects worth Ringgit
16.34bn (23.5bn) over the next
decade, said Mr Mohammed
Sherrif bin Mohammed Kasworth Ringgit 3.53bn would be sim, director general of the Economic Planning Unit, Reu-ter reports from Kuala Lum-

the programme was part of a "privatisation masterplan", which would also recommend that a Privatisation Act be enacted to codify procedures common to all privatisations. The plan now being finalised commission to supervise many would also call for a substan-industriee and a fund to

that of the 246 projects, 69 worth Ringgit 3.53bn would be privetised in two years, 107 worth Ringgit 9.57bn in two to five years and 70 projects worth Ringget 3.22bn after five He told an economic seminar

He said the plan, based on a study of 494 government-owned enterprises, will involve nearly 200,000 employees. The Government may also

establish a federal regulatory

finance restructuring, which is essential for successful privati-

But inadequate liquidity in the capital market and a lack of qualified business managers were holding back Malaysia's privatisation plans, Mr Mohammed Sherrif said. "There are grounds to believe that growth (of privatisations through public flotation) has been held back by inadequate supply of quality issues," he said.

The Malaysian equity market still suffers from inadequate liquidity.

SOUTH AFRICA'S military and economic actions against its neighbours over the past eight years have resulted in the death of 1.5m people and the displacement of 4m others, according to a report presented to the Commonwealth foreign ministers' meeting, Chris Sherwell reports from Canberra.

The report, by the Harare based Southern African Research and Documentation Centre, speaks of a "holo-caust" and says most of the dead are children. It estimates the economic cost to the six "frontline" states at more than

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BUNGL

\$45bn.
Commissioned by the ministers, the 180-page report also draws attention to the ecological impact of Pretoria's destabilisation strategy. In southern Angola, it says more than 100,000 elephants have been slaughtered to help pay for the war there, while Mozambique's nine national parks have been destroyed.

In addition, it reports that South Africa last month testlaunched an intermediate range ballistic missile devel-oped with Israel's help and capable of delivering a nuclear warhead as far north as Angola and Tanzania

Apart from the documentation cited by authors Mr David Martin and Ms Phyllis John-son, independent verification of all the claims - some of which are startling in their magnitude - will be difficult to obtain. They also seem likely to be challenged by Preof supplies

Of the deaths, the report says these have occurred through direct military action or indirectly through the disruption of the delivery or production of food and destruction of health facilities and

immunisation programmes. "In Mozamhique and Augola, a child is dying every three and a half minutes," the report says. "That is the equivalent of a jumbo jet full of children crashing every day." It adds that Angola has, per

capita, the world's largest population of limbless people. And beyond the 4m people said to have been displaced from the homes on South Africa's borders, it says "twice that number are reliant on emergency food aid".

The estimated figure for costs of \$45hn, which is escribed as co hroken down to includa Angola (\$22bn), Mozambique (\$12bn), Zamhia (\$7bn) and Zimbabwe (\$3hn), with the remainder attributed to Botswana and Tanzania.

The aim of South Africa's strategy, says the report, is to ensure economic dependence, to force the signing of forms security agreements and encourage recognition of the "homelands" system of ethnic representation.

Troops out on streets of Rangoon

By Chit Tun in Rangoon RANGOON was heavily patrolled by troops yesterday, the first anniversary of last year's protests in the "democratic revolution" which were crushed by the army.
The democratic revolution

led to the retirement of Burma's Paramount leader U Ne Win, the fall of three presi-dents and the end of the 26-year one-party anthoritarian rule of the Burma Socialist

Programme Party. Military trucks earrying units of troops stood guard at potential trouble spots in the Burmesa capital yesterday especially near the Bangoon

especially near the Rangoon university campus and, the offices of opposition political parties including the National League for Democracy (NLD).

Mohile units on trucks patrolled the streets, proclaiming through loudspeakers the movited law restrictions on martial law restrictions on assemblies and processions.

This massive show of force prevented a repeat of last year's pro-democracy demonstrations, and the anniversary passed without incident.

However, observers say other measures taken by the Government in recent weeks had made it impossible for any political party or student group to observe the anniver-

a feasibility study for such a plant in 1986, but the project has since appeared dormant.

Nuclear plant hullders, who in the past five years have had benefit and our past to compare to c They pointed to the demoral-ising effect of the house arrest of Aung San Suu Kyi, 44-yearretired army general Tin U, its hardly any contracts to compete for outside China, were,

President.

OBritain said yesterday it was very concerned about the plight of the British husband. of opposition leader Aung San Sau Kyl in Burma, Reuter

reports from Loudon. The British Government had nership called Nuclear Power International with the Kraftold the Burmese authorities it was intolerable that British diplomats had been refused access to Mr Michael Aris, a twerk Union subsidiary of group, to bid jointly for con-tracts outside their own coun-tries. Foreign Office spokesman

WORLD TRADE NEWS

Pressure builds against Pretoria

Chris Sherwell on Commonwealth plans to step up trade sanctions

OMMONWEALTH heads of government, and Britain in particu-	ment, reticu- me to ms on meet East Asia***	WITH SOUTH AFRIC ge share of total tra			
r will be under pressure to		1983	1985		
stensify trade restrictions on both Africa when they meet Kuala Lumpur in October. A 222-page report on sanc-		49 21 21 3	53 21 19 3		
ons published yesterday says higher trade bans are neces-	*combined imports and exports *CC members plue Austria, Se ***Japan, Talwas; South Kores,	reden and Turksy Singspore, Hong Koo	g, lectuding re		

other countries. The Hanlon Report, named after its co-ordinator Joseph Hanion, was commissioned by an eight-nation committee of foreign ministers set up to guide Commonwealth efforts to dismantle apartheld. The min-isters discussed the report yes-terday during their three-day meeting in Canberra.

financial sanctions and to dem-

onstrate the way forward to

Although they insisted they were united on the need to intensify sanctions, some Com-monwealth countries want comprehensive trade sanctions as soon as possible, while others want to win broader inter-

national support first.

The real decisions on the report's 30 recommendations But the arguments behind them will come under international scrutiny, outside and inside Commonwealth, as well as in South Africa. "Pretoria will be pushed to

the conference table only when the minority is put under

Silk industry

threatened

By Alice Rawsthorn

by shortage

THE international silk industry is threatened by a shortage of supplies due to dra-

matic growth in demand and the political unrest in China.

A newly-published report

from the Economist Intelli-

gence Unit says that the vol-ume of silk from China, the

chief source of supplies, has fallen for two years. As a result, demand for silk now

exceeds supply.

Despite the attempts of the

Chinese authorities to reassure the silk industry that supplies

will not be discripted by the recent political turnoil, the EIU expects that the shortage

will be worsened by the politi-cal problems.

in the fourth century BC. China has dominated the world market for centuries,

of silk.

several years.

Silk is one of the world's most ancient trades, tracing its origins to Alexander the

although, until recently, Japan

was also an important source

Demand for raw silk from the European industry – con-centrated around Lake Como

in Italy and at Lyon in France
- has increased steadily for

Similarly, the Japanese tex-tile industry, no longer able to rely on domestic supplies, has

increased its orders from

At a time of rising demand,

the volume of silk supplies has suffered from the impact of bad

weather on the Chinese harvest. The trade was also disrupted by the attempts of the Chinese authorities to deregu-

late the silk trading system through the old economic

There has been further disruption due to the increase in

silk fahric production by China. The EIU estimates the value of China's overall silk

exports at \$1.3bn (£783m) in 1967 and expects it to double

by the end of the century.

Although India and Brazil have boosted their raw silk

output in recent years, their production is insufficient to

compensate for the shortfall of supplies from China.

The World Market for Silk Products; published by the EIU.
40 Duke Street, London WIA

Indonesia N-plant

NUCLEAR PLANT builders are

preparing to compete for one of the rare construction contracts

their sector has seen in recent

years — in Indonesia, George Graham reports from Paris.

Mr Djali Ahimsa, director of Indonesia's nuclear energy

agency, said he had been asked to begin preparations for con-struction of a nuclear power

station, expected to be on the sland of Java. Indonesia made

however, cautious about the project being concluded. France's Framatome, which

carried out the 1986 feasibility

study, has since formed a part-

West Germany's Siemens

deal in offing

reform programme.

(percenta	ige share of	total trade)	
	1983	1985	1987
Western Europe** East Asie***	49	53	55
East Asia***	21	21	28
North America	21	. 19	13
Nordic states	3 .	3	1

tourines reduce trade, some Asian and European countries are taking their piece. West Germany and Japan are now South Africa's biggest trading partners . . . Taiwan, Hong Kong and probably South Korea are also significantly increasing their trade. In Europe, Nordic and French total trade is down. But West German trade has ed so much that & is now number one, pushing Britain down

enough pressure to have a noticeable impact on living standards," the report says.
"This means it will be necessary to substantially widen and tighten existing measures, and to act quickly."

Timing is important because South Africa will be "particu-larly vulnerable" in the coming two years. In that period its agreement with international banks on short-term debt will expire, and another \$3hn in longer-term debt will fall due,

says the report.

"Any new measures during 1990-91 will compound the economic problems that the apart-heid state already faces." The intensification should

of a phase-out of trade over five years, starting with agri-cultural products and bulk commodities such as coal, iron ore and base metals, all of which are replaceable from other sources on the market, the report says.

That should be followed with

bans on imports of manufactured goods and on the production and sale of coins and bars made from platinum, of which Sonth Africa is tha world'a largest producer. Trade credits for sales to Sonth Africa should he phased ont over three to five years. The report also recommends

two measures designed to hurt white South Africans while begin with the announcement creating jobs for black South

spare parts sales, to increase local car production, and another on computer technol-ogy, to curb aotomation. Other measures would tighten the embargoes on arms and high technology by preventing the sale of "dual use" equipment and of all comput-

ers, software, electronic and telecommunications equip-The report says sanctions should apply to "South Afri-can-controlled" companies, that special enforcement units should be established.

Of existing sanctions, it says the arms embargo has made it difficult for South Africa to obtain modern weapons systems and the oil embargo am flying into Hong Kong, or a profit-sharing accord. The change of heart on the issne by Hong Kong comes when it is involved in sensitive has cost it \$25bn. It reckons foreign trade has dropped 7 per cent and points to the isolation caused by sports and cultural

All this, it adds, has restricted Pretoria's military adventures and promoted some talks and internal concessions. But it says the measures have lating economic growth, as failed to schieve the main interest in Vietnam as a tourist

political goal, genuine negotia-tions with representatives of the hlack majority.

To be politically effective, the report judges, sanctions need to cut world-wide purchases from South Africa by at least a quarter. with third countries.

HK airlines can apply for Vietnam link

CATHAY Pacific Airways and Dragonair have been given the go-ahead hy the Hong Kong Government to apply to the colony's Air Transport Licenc-ing Authority (Atla) for licences to fly to Vietnam, Michael Marray reports from

Hong Keng.
The move paves the way for the first scheduled air links between Hong Kong and Viet-nam since 1975. Both airlines are now free to compete before Atla for licences to operate scheduled services to Ho Chi Minh City and Hanoi.

Once granted, the onus would he on Hong Kong to negotiate a bilateral air ser-vicas pact with Vietnam, which could involve Air Viet-

negotiations with Hanoi over the repatriation of thousands of boat people.

Air links would help address Hanoi's concerns over stimu-

and husiness destination is growing in the region.
Under the terms of the Sino-British joint declaration, the Hong Kong Government is now free to negotiate its own bilat-eral air services agreements

Norway denies ship subsidies violate Gatt

By Karin Fossii in Oslo

NORWAY has denied allegations by the Shipbuilders' Council of America that subsidies to its shipbuilding industry are in violation of Gatt and OECD regulations. But it is satisfied that the complaint, raised also against West Germany, Japan and South Korea, is to be handled oo a multilateral basis by Mrs Carla Hills, US Trade Representative.

Officials in Norway's indus-try and finance ministries say subsidies, which reached their nighest since 1980 in 1981 at NKrl.1hn (£98m), are in accordance with Gatt and OECD Norway's shipbuilding indus-

ry has all but been dismantled. High labour costs and rapid inflation have weakened the industry's competitiveness forcing shipbuilders, like Kvaerner, to relocate.

Last spring, Kvaerner bought British Shipbuilders' Govan yard and is contemplatng similar acquisitions in other countries. The hulk of Norway's current shipbuilding industry comprises smaller yards building fishing trawlers and high-speed catamarans. Nancy Dunne adds from Washington: The original petition filed in June asked Mrs Hills "to take all appropriate and feasible action to eliminate subsidies currently provided to the commercial shipbuilding and repair industries" of the

four nations.

Mrs Hills could have moved for bilateral negotiations with each nation named, using threat of retaliation as leverage for a solution. Instead, she chose to take the case to Gatt, stipulating that if no progress is made in talks by March 31, 1990, she would take the hilateral route.

The petition accused the Norwegian government of offering a variety of preferential financing packages, direct grants, tax ioceotives aod credit guarantees to bolster its shipbuilding industry.

It says that Norway, along with Japan, South Korea, and West Germany account for oearly 60 per ceot of ships on order by deadweight tonnage, and nearly 40 per cent of the total on order as at the end of 1988. Elimination of foreign subsidies was essential if the US shipbuilding industry were to become viable again.

The Ford Drive for Value.

By now you'll be well aware of Ford's Drive for Value, a whole range of special value programmes, special edition cars, new models and finance arrangements designed to give Ford drivers better value for money than ever

This has meant keeping our maximum retail prices as low as possible for as long

But, eventually, like everyone else we have to respond to rising costs. So our maximum retail prices will have to go up. night on August 13th, so there is still time to buy a new Ford at the current prices.

the 20 OHC Granadas and Sierras have actually been reduced.

On top of that you can still buy special edition cars like the Escort Bonus. And there are still special models like the Sierra Lasers and Sapphire Classics whose maximum retail prices are £1000 less than the next models up the range.

And, perhaps most important of all, until August 31st you can still buy all the new Escorts, Orions and Sierras on Ford brokers.





Investments Board yesterday unveiled plans to simplify the much-criticised system for regulating the financial ser-vices industry in the UK.

The proposal marks an attempt to replace the existing complex and costly system, said the SIB, the UK's chief said the SIB, the UK's chief investment regulator. In its place, the SIB said it plans to introduce rules which are cheaper and easier to follow, and which encourage compliance with the spirit rather than the letter of the rules.

The level of protection for investors would not fall as e result of the changes, the regulator said.

The original regulatory sys-tem, introduced following the 1986 Financial Services Act, has been attacked by invest-ment businesses as unnecessarily cumbersome. The costs of compliance reduce London's competitiveness with other financial centres, it has been

The revision takes the form year.

of a new structure for conduct of business rules, which gov-ern the relationship between investment businesses and

their clients.

In place of the existing detailed rules, firms would be required to abide by 46 more general "core rules," In addition, each of the five self-regulating bodies overseen by the SIB would draw up their own more detailed codes of conduct, and the Board would lay down. and the Board would lay down 10 general principles for all investment businesses to fol-

This three-tier structure would make rule-making more flexible and would allow selfregulatory organisations to replace their existing rule-books with simpler versions,

said the SIB.

The SIB's proposal will be expanded into a consultative paper this antumn, provided response from investment firms is positive. The proposed new structure has been under consideration for more than a

Rail union plans London Tube strike despite talks

THE BOARD of mediation set up to resolve the long-running London Underground railway dispute is expected to report today, but it may not avert tomorrow's planned strike, writes Charles Leadbeater.

The rail unions - Aslef, the train drivers' union and the National Union of Railwaymen plan to hold their 14th oneday strike over the corpora-tion's plans for wide-ranging

changes in working practices.

Despite two days of intensive talks with the mediation board, neither side was optimistic ebout preventing the strike. The corporation and the talks with Acas, the concilia-tion service, to try to resolve the dispute.

Any recommendations from the mediation board would have to be put to mass meetings before the campaign of strikes could be called off. Mersey Docks and Harbour Company, Liverpool port employer, said all but 80 of its 950 dockers had returned to

work yesterday morning.
The return followed Monday's vote to accept the decision by leaders of the TGWU transport union to end the national dock strike.

Fall in house sales forces job cuts at brickmaker

By Andrew Taylor

LONDON BRICK, Britain's biggest brickmaker, plans to to make 600 of its 4,000 workers redundant. The company blamed a sharp fall in British

The redundancies, which would be voluntary, would be in addition to 150 mostly temporary jobs shed by the com-pany earlier this year. London Brick produces more

than a quarter of all bricks sold in Britain. About 60 per cent of its production is for housebuilding. The company said yesterday that new house-building had fallen by about a quarter in the first six months

quarter in the first six months of this year compared with the first six months of 1988.

The company, which is owned by Hanson, the industrial conglomerate, said it intended to reduce production capacity by about 15 per cent by closing five kilns at three plants in southern and central England.

A total of 276 jobs are planned to go at the compa-ny's beadquarters in Ste-wartby, Bedfordshire; 246 jobs at Calvert, Buckinghamshire; and 53 at Fletton in Cambridgeshire. In addition, 29 trans-

port jobs are to be cut.
Other British brick manufacturers, which are estimated to have invested £200m in the last two years on increasing capacity, may also be examining their positions in the light of the fall in housebuilding.

of the fall in housebuilding,
Butterley Brick, the country's second-largest brick manufacturer, six weeks ago postponed the reopening of a kiln
at its Desford plant in Leicestershire and made a small
number of workers redundant.

Mr. Roy McKrlean, director

Mr Roy McErlean, director for employee relations et Lon-don Brick, said: "High interest rates have hit house sales, par-ticularly in southern and cen-tral England, and this has meant lower demand for bricks. But this is a gratical bricks. But this is a cyclical industry and we have survived similar downturns before."

Media give astronaut hopefuls star treatment

By Richard Donkin

MS JUANITA LOFTHOUSE, giving her ninth interview of the day while 15 of the 150 candidates shortlisted to become Britain's first astronant began to realise what they had let themselves in for, declared: "I'm not a space grouple."

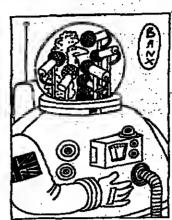
The 29-year-old biophysics PhD student from Bournemouth, whose eye-catching looks had attracted particu-larly close scrutiny from the tabloid press, said: "I'm a sci-entist, not a bimbo." Her definition of the right stuff was not the same as that of the photographer from the Sun photographer from tha Sun newspaper, renowned for its prominent display of scantily-clothed well-endowed females. Publicity is taking a high profile in the preparation for Juno, the first Anglo-Soviet space mission, which is sched-

uled for the spring of 1991. This first taste of the media blitz attention was part of the test, as candidates were called to a medical centre in London to go through a series of psy-chological and fitness routines reserved normally for poten-

tial airline pilots.

The candidates, mainly young research scientists still them to show off their academic qualifications, found themselves tackling penetrating press questions about how they would cope with appearances on the Wogan talk show and Blue Pater, the longer the and Blue Peter, the long-run-ning children's TV pro-

mercialised space mission will be raised through sponsorship and merchandising deals nego-



Antequera, a specially-formed British company acting with Glavcosmos, the Soviet space adnibulstration. All the candidates on the sbortlist were Britons aged degrees and a foreign language – the four basic requirements used to whittle down the initial 13,000 telephone inquiries from the first advertigation in Trine advertisement in June.

Among a deciding erray of qualifications that will make selection a tough job was 26-year-old Dr Carol Nairn's success in winning the science and technology category of the 1988 Cosmopolitan Women of Tumorrow competition.

Her Oxford doctorate in space plasma physics, plus her job as a research scientist at the Rutherford Laborato-ry – where she will be study-ing data collected by the Phohos soviet space probe – plus her prowess at rowing, gives some impression of the stan-dard of applicant the adver-

between 21 and 40, had science tisement has managed to attract

About 30 women have reached the shortlist. Almong the men tested yesterday was an Army Air Corps Major who listed freefall parachuting

among his hobbies.
While some candidates confessed to childhood dreams of fessed to childhood dreams of being an astronant. Mr Philip Martin, a 25-year-old restarts student at the Cranfield Institute of Technology took the more pragmatic view.

"You can't really decide to be an astronaut when at school," he said. "The job opportunities are really not that wreat."

that great. The final choics will be made from two British hopefuls who will go through the 18-month training schedule at the Gagarin Centre in Star City near Moscow.

Government will spend £4m on ads to stem shortage of nurses

By Charles Leadbeater, Labour Editor

THE Government yesterday launched a £4m advertising campaign in a bid to stem mounting shortages of recruits

into nursing.

The campaign of television The campaign of television and newspaper advertisements is the furthest the Department of Health has yat gone in directly responding to rising fears that the decline in the number of young people will leave the National Health Service short of staff in the part vice short of staff in the next

decade. The decline in young people will hit the NHS particularly hard because it has relied heavily npon recruitment among girls leaving secondary school.

A report by NHS regional manpower planners last year predicted the service was likely to be short of 100,000 staff by the end of the century and could be underspending its budget by £1bn. The report, called "2001:The Black Hole" said the health

service could face a 30 per cent fall in qualified staff and a 13 per cent decline in overall staff

The advertising campaign will be aimed at men and women in the 17-85 age range. The department then plans to run advertisaments in the youth press to attract 13- and 14-year-olds to the idea of entering the nursing profes-

A campaign last year resulted in more than 50,000 inquiries and 3,000 requests for application forms. Mrs Anne Poole, Department of Health chief nursing officer, said at launch of the govern-

ment campaign:
"If nursing is to retain its share of the recruitment market we have to compete with other professions, such as banking and the police."

She said the campaign was designed to lure people away from other professions they were dissatisfied with, encour-

age women returning to work to consider nursing and infin-ence parents and career advis-

However, the campaign was sharply criticised by nursing unions. The Royal College of Nursing (RCN) welcomed the initiative as being a recognition of the NHS staffing prob-

However, Ms Christine Han-cock, the RCN's general secre-tary designate, said:

"It would have been more effective to use the £4m advertising budget to promote part-time working, flexible hours and to provide creches, all of which are significant in attracting registered nurses back to the profession."

Mr Roger Poole, national health secretary of Nupe, the public services union, said changes in nurses' pay and training would make a much greater contribution to improving recruitment and retention.

Unilever unions call for European forum

By Our Labour Editor

THE European Commission is helping trade unions at Unilever, the Anglo-Dutch consumer goods group, to press the company to set up a consultation system which would embrace unions in every EC

Unions in countries where Unilever operates have written to the company calling upon it to set up a Enropean works

This would bring together managers and unions from throughout Europe to discuss major strategic issues.

The initiative follows a meeting of Europe to the control of the c

ing of European union leaders in Luxemburg in late July, which was partly funded by the commission. The unions argue that under Article 118(b) of the Treaty of Rome, large multinational companies are under an obligation to enter into a social dialogue with trade unions.

The EC's involvement indi-cates that the initiative could

be one of the most important tests yet of whether the unions will be able to use the 1992 Single European Market programme to win new rights to information and consultation within European companies. In the past, Unilever has rejected the unions claims for

representation at a European level to discuss strategic issues to do with investment. The move at Unilever follows a similar move by unions at Ford and General Motors,

the US car menufacturers. The most significant consulis between the Enropean Metalworkers' Federation and Thomson Grand Public, the French electronics group.

The letter sent by the UK's Transport and General Work-ers' Union says the company has a social duty to respond positively to calls for a social dialogue as part of the single market programme.

FIRST CONVERTIBLE SECURITIES FUND Société d'Investissement à Capital Variable 2, boulevard Royal, Luxembourg R.C. Luxembourg B - 24461

Wa have the honour to invite you to attend the
ANNUAL GENERAL MEETING
o) charcholders of our company, which will take place at the
company'e registered office, 2 boulevard Royal, Luxembourg, on
August 25, 1989 at 3.00 p.m. for the purpose of considering and voting
upon the following agenda:

Approval of the Statement of Net Assets as of May 31, 1989 and the Statement of Operations for the year ended May 31, 1989;

3. Allocation of the net profits; Decision on the distribution of a final

4. Oischarge of the Directors:

5. Receipt of and action on nomination of the Directors;

6. Confirmation of Deloitte Haskins & Sells as Independent Auditors of

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the simple majority of the chareholders present or represented at the meeting.

in order to attend the meeting of August 25, 1989 the owners of bearer chares will have to deposit their shares FIVE clear days before the meeting at the ragistered office of the Company or with Banque internationals a Luxembourg. Société Anonyme, 2 boulevard Royal, L.—

THE BOARD OF DIRECTORS

MULTI-CURRENCY BOND PORTFOLIO Société d'Investissement à Capital Variable 2, boulevard Royal, Luxembourg R.C. Luxembourg 8 - 24797

We have the honour to invite you to attend the ANNUAL GENERAL MEETING

of sharsholders of our company, which will take place at the company's registered office, 2 boulevard Royel, Luxembourg, on August 25, 1989 at 3.00 p.m. for the purpose of considering and voting

1. Submission of the report of the Board of Directors:

Approval of the Statement of Net Assets as of May 31, 1969 and the Statement of Operations for the year ended May 31, 1989;

3. Allocation of the net profits:

4. Oischarge of the Directors;

5. Receipt of and action on nomination of the Directors:

6. Confirmation of Deloitte Haskins & Selis as Independent Auditors of the Company;

Resolutions on the agenda of the Annual General Meeting will require

In order to attend the meeting of August 25, 1989 the owners of bearer shares will have to deposit their chares FIVE clear days before the meeting at the registered office of the Company or with Banque internetional auxombourg, Société Anonyme, 2 boulevard Royal, 1995

B.A.H. FINANCE COMPANY RLV. Recistered Office : 15. Pielermest METHERLANDS ANTILLES 1350 E000 Flo Notes due 1991 GENERAL REDEMPTION SEFCRE

The holders of USO 5.000 floating rate notes due 1991 are informed that all the outstanding securities will be called up to the general redemption of September 29. 1993 at par. The principal and interest will be payable at following Bank counters:

BANQUE NATIONALE DE PARIS . BANQUE NATIONALE DE PARIS PLC - LONDON
BANQUE NATIONALE DE PARIS MANAMA - BANRAIN
BANQUE NATIONALE DE PARIS US\$ 100,000,000 made

STEEL COMMUNITY

THE BOARO OF DIRECTORS

Notice to the holders of the leave 5% % 1977-1997 of

EUROPEAN COAL AND

The Commission of the European Com munities announces that the annual instalment of the Notes amounting to USS 3,500,000 has been purchased for redemption on October 1st, 1988.

Amount outstanding on and after Octo Der 1st, 1989: US\$ 59,000.cmo. Luxembourg, August 9, 1989

U.S. FEDERAL SECURITIES FUND S.A. Société d'Investissement à Capital Variable 2, boulevard Royal, Luxembourg R.C. Luxembourg B - 22917

We have the honour to invite you to attend the
ANNUAL GENERAL MEETING
of shareholders of our company, which will take place at the
company's registered office, 2 boulevard Royal, Luxembourg, on
August 25, 1989 at 11.00 a.m. for the purpose of considering and voting
upon the following agenda:

1. Submission of the report of the Board of Directors;

Approval of the Statement of Net Assets as of May 31, 1989 and the Statement of Operations for the year ended May 31, 1989;

3. Allocation of the net profits; Decision on the distribution of a final 4. Oischarge of the Directors:

5. Receipt of and action on nomination of the Directors; 6. Confirmation of Deloitte Haskins & Sells as Independent Auditors of

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the simple majority of the shareholders present or represented at the meeting. in order to attend the meeting of August 25, 1999 the owners of bearer shares will have to deposit their shares FIVE clear days before the needing at the registered office of the Computy or this bad quemerationale à Luxembourg, Société Anonyme, 2 boutevard Royal, L.

THE BOARD OF DIRECTORS

RANVIL

SPONSORED SECURITIES

| 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 3.0 10.3 5.1 9.8 1.4 34.2 5.4 6.2 8.4 10.5 21 27 6.7 5.9 11.0 11.0 14.7 24.7 285 CCL Group Ordinary 51. 3.6 8.8 3.5 12.6 9.4 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 4.0 12.4 32 10.1 9.4 -2.7 11.1 7.2 -5.6 9.4 4.8 28.3

Securities designated (SE) and (USAO are dealt in subject to the rules and regul Stock Eachange. Other securities listed above are deals in subject to the rules of TSA.
Toese Securities are const. in principy on a matched burgain basis. Reither Granville & Co.
Londton one Granville Duries Limited are marine matters in these securities.

These securities are dealt on a restricted basis. Further details available.

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PRINTING TECHNOLOGY The Financial Times proposes to publish a Survey on the above

25 SEPTEMBER 1989

For a full editorial synopsis and advertisement details, please

on 01-873 4148 or write to her at: Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

ALISON BARNARD

FT LAW REPORTS

Arbitrator can deal with rectification issue

Queen's Bench Division (com-

mercial court): Mr Justice tract. Hirst July 31 1989 Geff AN AGREEMENT to arbitrate disputes "arising ont of" a Gafta sale contract covers a rectification claim if the arbitrate arbitrators upheld the sellers' case. The Board of Appeal reversed the decision and ruled that the sellers were in breach of contract because in breach of contract because arbitrators upheld the sellers' case. The Board of Appeal reversed the decision and ruled that the sellers were in breach of contract because in the sellers' case. tration clause, on its true con-struction and in the circumstances, so provides; and the wording is wide enough to include rectification if the disputes for submission have not already arisen when the arbitration agreement is made, and if it can be presumed that the parties did not intend to

have two separate sets of proeedings. Mr Justica Hirst so held when staying proceedings by plaintiff sellers, Ethiopian Oilseeds and Pulses Export Corporation, for rectification of a confirmation note recording the terms of a commodity those proceedings, pursuant to transaction between the sellers section 1 of the Arbitration Act and the defendant buyers, Rio 1975.

del Mar Foods Inc. HIS LORDSHIP said that in a transaction between buyers and sellers of Ethiopian white haricot beans, the confirmation note signed by both parties

villed".

Those terms were not to handle a particular facet of included in the preceding telex their dispute.

He said that previous cases exchange between the parties, nor was there any reference to them in the letter of credit. When the goods arrived at jurisdiction to rectify should their destination, they were now be seen to turn on their contaminated by weevils and were unsuitable for canning.
The buyers claimed arbitration under clause 31 of Gafra

should bring legal proceedings present context.

against the other until the disHe relied on Crane v Hageagainst the other until the dis-pute had first been determined man-Harris (1939) 4 AER 68 by arbitrators, and that the where, he submitted, it was obtaining of an award was a authoritatively held that "out condition precedent to the of did not cover rectification, right to bring proceedings. In Crans, Lord Greene said

PULSES EXPORT CORPORA-TION V RIO DEL MAR FOODS INC tion note and letter of credit, and that on the proper interpretation of that documentation as a whole, the critical tion as a whole, the critical terms were not part of the con-

> the beans were not suitable for canning and were weevilled. They plainly concluded the contract was enshrined in the confirmation note. Damages remained to be assessed by arbitration. The buyers claimed \$500,000.

> On January 12 1989, the sell-ers launched two sets of legal proceedings claiming rectifica-tion of the confirmation note on the footing that the contract was in the telex exchange and that the crucial terms were inserted in the confirmation note by mistake.

By the present summonses the buyers sought stays of The main issue was whether, as the buyers contended, a

dispute as to rectification arose "out of or under the contract", and was a matter which the parties had agreed to refer to arbitration. contained express stipulations that the beans should be "suit suble for canning, not wee able for canning the subject of the buyers subject to the buyers subject to

> He said that previous cases which had been thought as a matter of principle to exclude own particular facts. All depended on the true construction of the arbitration agreement. The words "arising ont of" had been held to have a

Clause 31 provided that any dispute "arising out of or under this contract" should be settled by arbitration.

Sub-clause (b) of clause 31 provided that neither party ference was insignificant in the

right to bring proceedings. In Crane, Lord Greene said In the arbitration, the buy-the claim for rectification was ers' case was that the terms of an issue of fact which did not the contract were enshrined in arise "out of" the agreement, the confirmation note. The sell-but which sought to substitute ers' case was thet the true another agreement in different

terms were found in an amal- terms. He said that once that fact was appreciated, it was clear that an attempt to raise the issue of rectification before the arbitrator could not succeed without some further submission agreement by the parties.

Mr Hallgarten relied strongly on Ashville Invest-ments [1988] 3 WLR 867. That case related to an arbitration clause which provided that any dispute as to con-struction of the contract or any matter "in connection there-with", should be referred to

The Court of Appeal held that a rectification claim fell within the scope of the clause. Lord Justice May said at page 873, that the scope of an arbitrator's jurisdiction depended on the terms of the arbitration agreement on its proper construction in all the

circumstances. He said: "I do not think that Crane's case can properly be said to be a precedent which we are bound to follow.

In Crane, he said, the dis-putes had already arisen when the submission agreement was made. It was those existing disputes which were referred to arbitration. Clearly the submission could not have included a dispute which had not arisen when the submission agreement was made ...

Lord Justice Balcombe said

at page 881 that there was no reason why disputes as to mistake leading to rectification should not be disputes arising "in connection therewith" the Lord Justice Bingham said at page 892. "I would be very slow to attribute to reasonable parties an intention that there should . . . be two sets of pro-ceedings". He said rectification was unlikely to raise questions

more difficult than those the

arbitrator already had to

Mustill and Boyd in Commercial Arbitration 2nd ed p 120 said the words "arising out of" had been given a wide meaning - "It has been said that they cover every dispute except a dispute as to whether there was ever a contract at all". In Fillite v Aqua Lift, unre-ported February 17 1989, CA it was held that the submission of disputes arising "under" the agreement was not wide

enough to include disputes

which did not concern obliga-

tions created by or incorporated in the contract.
It was implicit that "under" was regarded as significantly

narrower than "out of" or

"connected with". In Antonis P Lemos [1985] AC 711,727 Lord Brandon stated that in certain contexts "arising out of" might be equivalent to the narrower "arising under" or to the wider "con-nected with". He said whether it had the narrower or wider meaning depended on the con-text in which it was used. Mr Young's argument was

not accepted. The ratio decidendi of Crane's case was that the sub-mission related to specific disputes which had already arisen and were identified, and which did not include rectification. Crane's case turned on its

Ashville was anthority for

holding that a claim for rectifi-cation was within the scope of "arising thereunder or in connection therewith".

It was difficult to distinguish between "arising out of" and "arising in connection with". The two phrases appeared syn-

Also, the parties must be resumed to have intended to refer to arbitration all disputes arising out of the particular transaction (which must include a plea for rectifica-tion), and not to have two sets of proceedings. That view was underlined by sub-clause (b) of the arbitration clause.
"Arising under" standing

alone would probebly not cover rectification for the rea-sons given in Fillite. "Arising out of" in the pres-ent context should be given a wide interpretation covering all disputes other than one as to the very existence of the contract itself – so as to give

intention not to have two sets of proceedings. For those reasons rectification was within the scope of the arbitration clause. The buyers were entitled to a stay

effect to the parties' presumed

For the buyers: Anthony Hall-garten QC and Christopher Russell (Middleton Potts) For the sellers: Timothy Young (Richard Buller)

of proceedings.

Rachel Davies

By Michael Cassell, Political Correspondent

LABOUR'S "soft left" has voted decisively in favour of the party's decision to abandon unilateral nuclear disarmament in favour of negotiating away Britain's nuclear arsenal. The Labour Co-ordinating

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Committee, the party's largest pressure group which includes 40 MPs among its members, has voted nearly three-to-one in support of the new defence in support of the new detence strategy, which is expected to be endorsed at the party'e autumn annual conference. But the committee says it supports the policy change as a way of ridding Britain of nuclear weapons within the lifetime of a Labour government, a target which Mr Neil Kinnock, the Labour leader.

Kinnock, the Labour leader, has refused to accept.
In spite of such grass-roots support, the new defence strategy will still provoke one of the most passionate debates

during the Brighton gathering.
The TGWU transport union,
Labour's largest affiliate, will vote against the new strategy and a large number of resolu-tions against the new line have

Several resolutions reaffirm the party's commitment to unilateral action. There are calls for the immediate cancellation of the Trident submarine missile system as well as demands for a deadline to be set on the removal of all nuclear weapons

is confident of winning approval for the new strategy, which it believes will help

sents the first real test of party opinion eince Mr Kinnock pushed the defence policy changes through the party's national executive committee earlier this summer.

ment. A committee representa-tive said yesterday that the ballot result indicated the defence policy review would receive overwhelming support from delegates to this year's

that they do not deter would-be

"Labour will support the new policy because we believe it is the quickest way to get rid of nuclear weapons from British soil and from British

Ex-UTC man for trial on insider dealing charges

dealing in the shares of Hawtal Whiting Holdings, a design and engineering services company. in September 1987, just before Hawtal announced receiving a £37m takeover bid from First

Even so, the party leadership

restore Labour's popularity.

The LCC claimed yesterday that the ballot result repre-

The LCC played an impor-tant part in the early 1980s in bringing about Labour's com-mitment to unilateral disarma-

She added: "Snpport for these changes does not imply acceptance of nuclear weapons. There is a wide consensus throughout the party that nuclear weapons have no role in the defence of Britain and that there do not determined."

By Raymond Hughes, Law Courts Correspondent.

MR MALCOLM Gooding, a former employee of UTC, the financial services group, has been sent for trial at the Central Criminal Court on eight charges of insider dealing.

The charges relate to alleged dealing in the charges relate to alleged committed Mr Gooding for trial committed

and continued his unconditional bail. Reporting restric-tions were not lifted.

The Department of Trade and Industry, which handles insider dealing prosecutions, has seven other such cases

Parkinson rules out big changes in roads policy

By Richard Donkin

ME CECIL Parkinson, Transport Secretary, yesterday ruled out any revolutionary cure for Britain's chronic trafproblems and said short-term improvements could be made in the system. He did, however, commit himself to implementing the £12bn road development pro-gramms — more than double the present spending - pro-posed by his predecessor, Mr

Paul Channon.
Visiting the Transport and Road Research Laboratory near Bracknell, Berks, as part of a four-day fact-finding tour, Mr Parkinson said he would give safety the highest prior-

What I have seen today is that you can manage with the existing road system. A lot of work is going into that," he

Mr Parkinson saw demon

Mr Parkinson saw demonstrations of an experimental "intelligent" traffic light system which scientists. claim could save £150m a year by cutting traffic congestion.

The computerised system on trial at 20 sites throughout the UK until the autumn could be installed at 5,000 junctions if it raceives Government autoropal.

Mr Parkinson said he would pursue the recommendations of his predecessor in the transport white paper. There is a commitment on the part of the Government to substantially increase the road programme," he said. "Nothing I have seen

in the past few days makes me think it is any less pressing for me than for him."

The Transport Secretary was given a demonstration of a motorcycle collision designed to illustrate the problem of leg injuries suffered by 30,000 rid

ers a year at an annual cost to the country of £150m. The laboratory has designed safety features for cars and motorcycles which it is lobby-ing to have adopted across

Mr Parkinson is planning further visits this week; to the Air Traffic Control headquarters, the Channel tunnel and

Irish detour keeps Japan's trucks rolling in

Kevin Done on imports that could strain a long-standing 'gentlemen's agreement'

nese truck maker, is making increasing inroads into the UK heavy truck market with vehicles exported from an assembly

plant in Ireland. Hino sales in the UK are rising sharply in spite of a long-standing so-called "gentlemen's agreement" between the Japanese and UK motor industries, under which European heavy truck makers selling in the UK believed that they were largely protected from Japanese competition.
Since the late 1970s Japanese

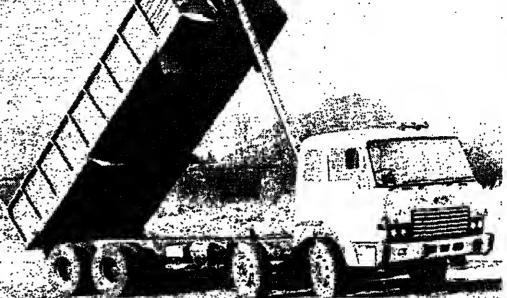
vehicle makers have agreed not to seek to penetrate the UK heavy truck market with direct exports from Japan. However, the agreement between the Japan Automobile Manufacturers' Association and the UK Society of Motor Manufactur-ers and Traders does not cover Japanese vehicles assembled in

Earlier attempts at the beginning of the 1980s to bring Hino trucks into the UK from Ireland petered out with only tiny volumes being sold, but Hino's hish importer and distributor has begun a serious effort to penetrate the UK market in the last 12 months.

The trucks are assembled by J. Harris Assemblers, a privately-owned company in Dublin, it holds the Hino fran-chise for the Republic of

Ireland and the UK. It has established a British subsidiary, Harris (UK), in Richmond, North Yorkshire, which has set up a 23-strong dealer network and has applied for membership of the SMMT. That is expected to be granted

Harris has been able to exploit the long delivery delays experienced hy some tradi-tional truck sellers in the UK. which have been unable to keep up with booming demand. The official vehicle registra-



Tipped for success . . . Hino trucks like this are making significant market inroads

tion statistics are still in the process of catching np with Hino's arrival in the UK, but the SMMT estimates that Hino's registrations totalled more than 300 last year. That performance has already been beaten in the first

six mooths this year with an estimated 317 trucks registered by the end of June, of which were in June alone. Harris (UK) has targeted Hino trucks almost solely at the specialist end of the mar-ket for rigid four-axle and three-axle tipper trucks, for

which the main demand comes from the construction indus-try. The growth of construction work has made this one of the fastest growing segments of the truck market, with new registratious rising by 33 per cent in the first six mooths to

Hino took an 8.3 per cent

share of this segment in the first half of the year with 214 four-axle tippers registered. That figure is probably under-stated because SMMT statistics

for Hino are incomplete. This left the Japanese trucks behind the segment leaders Volvo, Foden, Daf (Leyland Daf) and ERF, but it took Hino ahead of big European truck makers such as Iveco Ford, Scaning MAN and Seddon

Scania, MAN and Seddon Atkinson (Enasa).

In June alone Hino led sales in this segment with a share of 23.2 per cent. Mr Brendan Fitzgerald, sales

and marketing director of Har-ris (UK), refused to comment to the Financial Times on Hino's rapid UK growth, but in a recent trade press interview he said the company was plan-ning to add 24-tonne and 17tonne trucks and eventually was aiming to offer a complete

7.5-tonne to 38-tonne range The heavy truck industry has been one of the few sectors of the European motor indus-try left relatively untouched by Japanese imports, but Hino's early performance in the UK suggests that there could be a

wider market for Japaoese trucks in Europe, The efforts of J. Harris Assemblers have already ensured that Hino is market leader in the tiny Irish truck market, with a share last year

of 16.3 per cent. In April the SMMT and JAMA said in a joint statement that JAMA had confirmed that "there had been no change in their members' policies with respect to heavy goods vehicles."

In Tokyo Hino refused to answer questions oo its grow-ing truck sales in the UK and

Republic of Ireland. Mr Masa-

hiro Iwasaki, a Hino official, would give no indication of the company's planned shipments of truck kits from Japan for assembly in Europe this year.

Earlier this year Mr Giorgio Garuzzo, chief executive of lyeco of Italy (western Europe's second largest truck maker which also has manage ment control of Iveco Ford Truck, the UK market leader), called for temporary protection for the European commercial vehicles industry from the threat of Japanese imports.

He insisted that it was neces-sary to protect the ongoing restructuring process of Euro

pean industry."
"Protection of this kind that does not include the obligation of a Europeao content of at least 80 per cent and of European control over basic tech-nologies, particularly engine technologies, would be pure hypocrisy, he said, adding that there was a risk of desta-

bilising European industry." Although there is some unease among UK truck mak-ers about the increasing Hino presence, the UK motor industry is in a difficult position to

It is now fully supporting government policy to make the UK the main base for the assembly of Japanese cars for export to other European countries. That might make it more difficult to protest about Japa-

oese trucks entering the UK from Ireland. It could seek to object on grounds of local content, how-ever. Japanese car makers who are developing assembly plants in the UK have committed themselves voluntarily to reaching an 80 per cent local content level, whereas the J. Harris Assemblers operation in Dublin is believed to be largely assembling kits imported from Japan to a so-called screw-driver operation, with a much lower EC local content.

Mr Gooding, charged under the Dover Ferry terminal. Move to survey pensions market

LONDON and Manchester of Trade and industry and to and size of existing port-Group, the Exeter-based life the Association of British folios. assurance and financial insurers are not readily Mr Smith feels that life services group, is making a survey of the expanding UK pensions market

Laurence . Smith, pensions marketing manager of Loudon and Manchester (Pensions) has asked 93 life companies to take part in this first survey of what is a large marketing sector for tha

companies.
The success of the new-style personal pensions. has highlighted the growing importance of the sector and the need for adequate and Mr Smith has found that the

sources of information from the returns made hy life companies to the Department

accessible for market research. He says that euch information is awkward to interpret and could he misleading.

There is no standard format for providing pension marketing details. London and Manchester has designed a variety of forms seeking information on all types of pension business transacted by life companies, such as personal pansions, additional voluntary contributions and company

pension schemes. The information sought, on business done in 1988, includes type and source of business

companies have more to gain by having a complete picture of the market and they would lose hy providing details of their situation to competitors.
Initial reactions to the

survey have been mixed with about a third of companies contacted being willing to participate. Although only a few companies have refused, they include household names whose participation is easential to the success of the

Mr Smith hopes to persuade companies that it is in their long-tarm intereste to participate in the survey and is optimistic of its eventual

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Thatcher will on future of Democrats visit Japan in September

By Michael Cassell, Political Correspondent

MRS THATCHER is to make an official four-day visit to Japan on September 19, it was announced from No 10, Down-

announced from No II, Lowing Street yesterday.

The visit will be Mrs Thatcher's first to Japan stoce 1986 and is scheduled to include a meeting with the Japanese Prime Minister.

Mr Toshiku Kaifu, the ruling

Liberal Democratic Party third leader in two months, is due to be elected Prime Minis-Mrs Thatcher will attend a meeting of the International Democratic Union, an interna-

tional conservative forum. Her talks are certain to cen-

tre on Japan's increasing investment in Britain and within the European Community, as well as on attempts to raise the reverse flow of invest-

A recent House of Lords select committee report warned that Britain and the EC had large trade deficits with Japan and that the imbalances were set to continue It said that, unless the highest priority was given to nar-rowing the gap, Japan could develop an economic domi-nance in business, finance and

technology "which could prove unstoppable." Mrs Thatcher may also want to reflect the complaints of some companies that although the entry of Japanese businesses into Europe has been welcomed penetration of Japanese markets has not always been made easy by domestic

Sir Cyril sounds warning

By Michael Cassell, Political Correspondent

SIR CYRIL SMITH, Democrat MP for Rochdale, yesterday accused his colleagues of jeopardising the future of the party by falling to work hard enough to win support.

Sir Cyril, for years a favourite with the party faithful, included himself in the criticism.

In a rallying call to the party, he said he and party members had "sat on our back-

sides and assumed that the pol-ities of reform was established, strong and safe. The party is suffering from falling membership, a projected shortfall of £400,000 this year, and a low standing in the

Sir Cyril said he was not pre-pared to see the vital role which the Democrats played in the nation's politics dimin-

agents in order to cut costs.

wide rallies to generate sup-port. He suggested 30 meetings, attended by longer-serving party members, such as Mr David Steel, the former leader of the Liberal Party; Sir Rus-sell Johnston, the Democrats' deputy leader; Mr Alan Beith, the party's treasury spokes-man, and himself.

The rallies could be used to

The rallies could be used to "appeal for money and for peo-ple to come to the cause of liberty and freedom," Sir Cyrll Sir Cyril said that British industrialists had to under-stand that, if the role of the

Democrats was diminished, then it would be more likely that Labour would take power at the next general election.
The Damocrats announced last week that the party has been forced to sack staff and to

dismiss its network of area

He proposed holding nation-

Belfast airport expansion

By Our Belfast Correspondent

SHORT BROTHERS yesterday confirmed plans for a multi-million pound develop-ment of Belfast City Airport, which has been a great success since it opened six years ago. The company plans a £7m investment which will provide

a new passenger terminal, as well as aircraft-handling and car-parking facilities. There are also plans to improve navigation equipment.

The project is being supported by Bombardier, the

Canadian group which is to take over Shorts next month

after privatisation.

Shorts is seeking financial assistance from the European Commission for the project. The airport opened in 1983 and handled more than 85,000 passengers in its first year, but traffic is expected to exceed 400,000 this year.

Situated only five minutes' orive from the centre of Belfast, it is particularly popular with business travellers anxious to cut down on travelling time to appointments.
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resorts in Great Britain.

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FINANCIAL TIMES

UK NEWS

Canadian group to run Scottish newsprint plant

By Jemes Buxton, Scottish Correspondent

signed.

The Gartcosh project is the brainchild of Mr Christopher Wilkins, chairman of Stirling

Fibre, a Scottish waste paper company. Its subsidiary, North British Newsprint, developed

the project with the help of Finnish technical consultants

and financial advice from

Schroders, the merchant bank.

The scheme suffered a set-back earlier this year when North British Newsprint parted company with Kajaani, a Finnish paper manufacturer

which had been expected to assist in running the plant and

to take an equity stake in it. When Kajaani decidad to merge with United Paper Mills, ABITIBI-PRICE, the Canadian paper manufacturing company, is to take over the project to huild a large newsprint plant at Gartcosb near Glasgow. anothar Finnish company, North British Newsprint pre-Heads of agreement between Abitibi-Price and North British Newsprint, which has prepared the scheme, are expected to be signed by the end of this week. empted Kajaani's expectad decision to pull out of the scheme by telling it that it no longer wanted Kajaani to be

signed by the end of this week.

The project, which could cost £140m, will use recycled waste paper. It is expected to produce 200,000 tonnes of newsprint a year on the site of a British Steel mill which closed in 1986. It should directly employ more than 200 people.

Details of the agreement By then £75m of long-term financing bad heen secured from the European Investment Bank, conditional on a high-profile partner being involved. All necessary permissions had been obtained for planning, effluent disposal and other needs and enotations obtained Details of the agreement with the Toronto-based com-pany will be released after it is

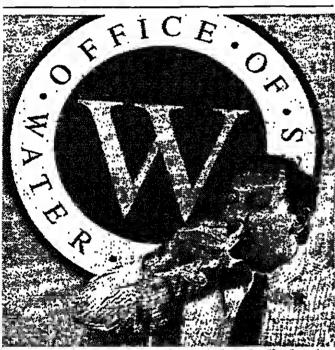
needs and quotations obtained for machinery.

North British Newsprint sub-sequently decided to reduce the scale of its involvement in the project, by in effect selling it to a major company, though with the possibility of retain-ing a small stake. The Scottish company has already spent

£1.2m on the scheme.

North British Newsprint is believed to have had detailed talks with at least one other big paper manufacturer before negotiating an agreement with Abitibi-Price.

Under the agreement Stirling Fibre is expected to obtain the contract to supply the mill with its raw material.



Ian Byatt: samples a glass of soon-to-be-privatised water

Water watchdog in 'arms length' pledge

MR IAN BYATT, the new director general of water services, emerged blinking into the spotlight yesterday, promising to be an "arms length" regulator of the privatised

water industry.

Mr Byatt – dubbed tha DG of Ofwat (Office of Water Services) - will begin his task in September. If recent controversy is anything to go by, he may soon be longing for the low-profile of the Treasury, where he was deputy chief eco-

"Water is very close to peo-ple's hearts - that could make the job very difficult. I don't expect to be the most popular person in the world, but I'm not taking this job on grounds of popularity," he said. Mr Byatt's task looks more

complex than that of the direc-tors general of Ofgas and Oftel, who have regulated British Gas and British Telecom since

The 10 public water authorities will be floated on the mar-ket in November. Mr Byatt will then have to balance the interests of consumers and the need for the authorities and the 29 statutory companies already in the private sector to carry ont and fund the supply and disposal of water.

His principal weapon will be a cap on price increases, to encourage efficiency and pro-tect the consumer from unjustified price rises. The anthorities were given their initial price limits last week.

These limits can be reviewed every five or 10 years. He could also allow adjustments to the price caps, if the companies face new statutory capital axpenditura requirements. Critics believe the Government may use that method to push through much higher price increases than suggested, but Mr Byatt was reassuring. "My view is that what is

sometimes known as the cost pass-through mechanism is not designed to deal with large amounts of money," he said. Mr Byatt hopes 10 regional customer service committees will keep him informed on possible declines in service. His duties do not extend to the issue of the quality of water — the Drinking Water Inspector-ate and National Rivars. Authority share that brief — but for particularly wayward water suppliers he and his 100 staff will have the ultimate

sanction of withdrawing a com-

Owen seeks review of LBOs and junk bonds

By Michael Cassell. Political Correspondent

THE Government must formulate a coherent policy on the use of leveraged bny-outs and the spread of the junk bond market if it is to avoid bond market if it is to avoid the development of an industry geared to buying and stripping almost any diversified business, Dr David Owen, the leader of the Social Democratic Party, said yesterday.

Dr Owen said there was a powerful case for questioning the wisdom of permitting either phenomenon to take root in Britain, as this would abdicate responsibility for the long-term restructuring of

long-term restructuring of British industry to institutions whose sole interest was short-term profit maximisa-

He added: "The establishment of a sterling junk bond market would be a development of tremendous importance for the British economy and it would be grossly negli-gent of the responsible author-ities to permit it to happen without a thorough review of the costs as well as the bene-

The SDP leader called on the Government to refer, on the grounds of leverage alone, the £13hn bid from Hoylake for BAT Industries to the Mergers BAT Industries to the Mergers and Monopolles Commission. He said it should also amounce that any future, hostile or highly-leveraged bid, in excess of £500m, would be automatically referred.

Dr Owen said ministers should then use the breathing

should then use the breathing space to carry out a thorough review to ensure that existing shareholders get a higger share of any benefits accruing through the hreak-np of mature, diversified groups. They would also have to see that institutions holding money in trust for others were

restricted in their level of exposure to "junk bonds" and leveraged takeovers.

Dr Owen said such action would send a clear signal to the market that the UK does not the market that the UK does not the market that the UK does not treat the development. not want to see the develop-ment of a domestic market in leveraged deals or in associated junk bonds. This would come at a time when the US authorities were concluding that the system posed an unac-ceptable threat to their econ-

omy.

The Government is clearly reinctant to take any steps which, in their narrow view, constitute interference with the free market. But what they do not appreciate is that what appears to be in the short-term best interest of the free market may, in the longer-term, be inimical to the social market – and indeed to competition. Put another way, leveraged buy-outs may be a good exam-ple of doctrinaire free enterprise shooting itself in the foot," he added.

Approval sought for leisure park

By lan Hamilton Fazey, Northern Correspondent

ACCRINGTON's answer to Disnayland - a £300m enclosed dome for year-round summer and winter sports was submitted for ontline planning permission yesterday with claims that it would be "the largest and most compre-hensive leisure development in

The 340-acre site near the M65 motorway is mainly occu-pled by the old Huncoat power station, which is being demoi-

The developer, Kesterbrook, was formed in March specifically for the project. It has a staff of three "going up to four shortly," according to Mr Patrick Hurst, a director.

None of the £300m estimated cost of the project has yet been raised. Mr Hurst said Kesterbrook was instead looking for "seed investment" of £6m£8m to take the project further.

The ten commandments of honest dealing

Richard Waters on the SIB's efforts to reform the nature of investment regulation

Investments Board yes-terday began its fight for a new form of investment regulation in the UK. Its aim: to reverse the declins into what it characterises as a com-

what it characterises as a complex, litigious and expensive regulatory climate and to reassert in its place a world where the spirit holds sway over the letter of the rules.

This grand undertaking may look like an attempt to turn the tide of history. But, according to Mr David Walker, the SIB's proselytising chairman, this essentially British approach will find favour as much among the many US. Japanese and continental Japanese and continental European financiers who now ply their trade in London.

"People who come from an adversarial, litigious background would prefer an opportunity to play cricket," says Mr Walker.

Walker.

The proposed new approach is laid out in a discussion paper published yesterday. It would not alter the regulatory structure set up under the Financial Services Act — the SIB overseeing a series of self-regulating organisations. self-regulating organisations (SROs) and recognised profes-sional bodies (RPBs), each of which acts as a self-regulator for a particular part of the investment world. But it would

impose a new structure on the The SIB's paper proposes three tiers of rules and guid-

ance:

• Principles. These ten broad statements — which will almost inevitably become known as the "ten commandments" — outline the hasic requirements for investment firms for instance, to observe high standards of integrity and fair dealing (the first commandment) and to act with skill, care and diligence (the second). SROs will be able to discipline firms that fail any of these, though they will not be

legally enforceable.

Designated (or "core") rules.
These rules, of which there are 46 in the present draft, are laid down by the SIB and apply to all investment husinesses. They are legally enforceable, and expand on the ten princi-ples. For instance, the first commandment (about integrity and fair dealing) is expanded into six core rules touching on



David Walker: Adversarial people might prefer an opportunity to play cricket

such things as independence, inducements, overcharging, churning and insider dealing.

In some circumstances, SROs will be allowed derogations from particular core rules, provided they can satisfy the SIB that investors will not

ance, made up of a mixture of rules (which would be legally enforceable) and codes of conduct (which would not). The codes of conduct would act as the investment world's equivalent of the Highway Code electrics. lent of the Highway Code, giv-ing practitioners (and the courts) a clear idea of what courts) a clear idea of what counts as acceptable practice. This third tier would be drawn up by the SROs themselves — although they would have the option of staying with their existing rulebooks. The SIB, which also regulates businesses directly, would require such firms to follow the detailed rules of the SROs. detailed rules of the SROs, enabling it to phase out its

This new approach has been made possible by a series of amendments to the Financial Services Act which are contained in the Companies Bill, due for royal assent this

One of these has done away with the requirement for the rule books of the SROs to pro-vide an "equivalent" level of protection to that the SIR. The concept of equivalence, which prompted a slavish line-by-line

copying of rules, has been blamed for much of the unwieldy detail of rulebooks. In its place, SIB will apply a naw test of whether each SRO's rules are "adequate." This move, from an objective to a subjective test, will give the SRO's more freedom to set rules which suit the particular part of the investment world they oversee.

A second legal change does

A second legal change does away with an investor's right, under section 62 of the Financial Services Act, to sue for any breach of the regulatory framework. Breaches of principles and codes of conduct will be the subject of disciplinary action only by regulators.

Regulators have powerful sanctions, the SIB points out, such as the ability to levy hefty fines or restrict the type of business a firm carries out, and these will

encourage compliance.

A further amendment restricts the right to sue to prirestricts the right to sale to private investors: professionals are expected to look after themselves.

Will these changes achieve their ultimate aim, of reducing the cost of doing investment business in London? There is unlikely to be much change in

unlikely to be much change in the costs of the self-regulatory bodies themselves, which will run to about 250m this year. True, the SIB will be able to throw its own detailed rulebook away after a transitional

period and rely on those of the SROs. But in place of the effort of overseeing detailed rules, Mr Walker sees an extended rule for the SIB as an overseer of the SROs, monitoring performance more closely.

The SROs will also be expec-

ted to adopt a more positive role in monitoring and enforc-ing standards. This is part of the SIB's "deal" by which investment businesses are excused detailed rules in return for closer scrutiny by

the regulators.

The pictura is equally unclear for investment firms. They have generally welcomed the SIB's new approach, but it seems unlikely that life will become cheaper in the short term — indeed, it may even get more exprendice as they have to more expensive as they have to adapt to the new rules. Many have only just got used to the existing rulebooks, complete with all their faults, and may resist immediate change.

Mr . Walker's response: There will be costs of adjust-ment in the short term. But I cannot sit back and decline to propose improvements where the present arrangements are inadequate in their cost effec-tiveness."

And what of investors? Will they suffer a lower level of pro-tection in the interests of keeping London competitive?
This fear was faelled earlier this year when Lord Young. then Trade and Industry Secre-tary, said that a cost-benefit

test should be applied to investment rules. This appeared to open the door to investment businesses to argue that some rules or procedures, while good for investors, were too expensive and so should be abandoned — putting the SIB in the position of having to judge when a desirable rule became too expensive to keep. The cost benefit approach has now disappeared, and is replaced in the SIB paper by the idea of cost effectiveness. The SIB is at pains to point out that its intention is not to decrease (or increase) the level of investor protection: just to

efficiently.

If anything, it claims the If anything, it claims the result for investors will be a positive one. It reasons as follows: until now, few chief executives have bothered themselves with the detail of self-regulation, preferring simply to pass on the rule books to their compliance officers.

This has resulted in inadements attention to the sims of

quate attention to the aims of the Financial Services Act at a senior level in such businesses, and a consequent tendency among more junior people to believe that there is no barn in bending the detailed rules to their advantage. Compliance officers, carriers of the corpo-rate conscience, have become relatively powerless.

The new statement of principles helps reverse this process, says the SIB. It is more likely to get the attention of senior people, and so help influence firms from the top down.

The SIB bopes to find a wider audience for its new approach to rule-making: exporting it to rule-making: exporting it to Europe is the next intention. This, though, is still a long way off. The European Commission's draft investment services directive leaves aside the question of harmonising such conduct of business rules.

It will he well past 1993

It will be well past 1993 before this particular cause is fought - or before it is known whether the new approach can survive in the increasingly and litigious and international husiness environment within the City itself.

Regulation of the Conduct of Investment Business: A Pro-posal, SIB, 3 Royal Exchange Buildings, London, EC3V 3NL Comments by 29 September,

Fimbra suspends independent adviser for concealing offences

AN INDEPENDENT financial adviser, Mr Roger Hardy Williams, who was convicted of two offences involving decep-tion earlier this year, was yes-terday suspended from trans-acting investments business by the Financial Intermediaries, Managers and Brokers Regula-

thry Association.
His firm, Budd Hulbert Williams, based in Maidenhead, Berkshire, faces disciplinary proceedings action for falling to provide Fimhra with details of the convictions of one of the of the convictions of one of its

Under the 1986 Financial Services Act, firms and individuals transacting investment husiness must be authorised by the appropriate regulatory body. Individuals must conform with a test for "fitness and properness" to do their Fimbra is responsible for regulating independent financial advisers and the smaller investment dealing firms not authorised by other regulatory

Mr John Pinniger, of Fim-bra's communications department, said this was the first suspension of an individual for a criminal conviction. The action followed investigations by officials of Fimbra's exter-

nal services department. The complaints against Budd Hulbert Williams allege that the firm falled to comply with Rule 3.5.5, which requires firms to give Fimbra notice of any criminal convictions by a mem-ber of the firm. Mr Williams, one of the three

directors of the firm, was convicted at Reading Crown Court on February 13 1989. Fimbra's disciplinary powers

include restriction of bus or stopping the transaction of certain classes of business. At present, Budd Hulbsrt Williams is authorised to advise on and arrange life assurance. pensions and unit trust contracts, manage broker funds and handle clients' money.

However, there does not appear to be any question of clients' money being involved.

Mr Pinniger confirmed that Fimbra issues a blanket Rule 17 suspension on a firm if it considers there is a real risk to the investing public if the firm

continues in business.

Such a suspension has not been issued against this firm.



Skips at Business Mailing Services in which charred ramains of Abbey National share certificates were found

Lloyds expects quick end to Abbey inquiry

By David Barchard

LLOYDS BANK said last night it was hopeful that its investi-gation into the disappearance of an estimated 300,000 Abbey National share certificates could be concluded soon.

Police and Lloyds officials have been investigating the disappearance of an estimated 300,000 of the 4.3m Abbey National share certificates posted on July 11, a day before the Abbey National stock market flotation. A police statement said yes-

terday that 197 share certifi-cates had been recovered from the charred remnants of sevral hundred thousand Abbey National share certificates which were found in two skips outside the Surrey Canal Road premises in Greenwich, Lon-don, of Business Mailing Ser-

This company was one of four postal companies under contract from Lloyds for the Abbey National flotation.

Police at Brockley police station, which is carrying out the investigation, said that a man had been arrested on July 28, and later released.

is identifying the nature of any criminal charges.

Lloyds said yesterday that two possible charges could be the destruction of other people's property and interfering with the post.

It declined to comment on why Lloyds selected Business Mailing Services, a small mailing house, to handle a large part of the Ahbey National mailing. mailing.
Relations between the bank meianions between the bank and the mailing company have been complicated by a reported threat by Mr Alex Scott, owner of Business Mailing Services, to sue both Lloyds Bank and Abbey National.

The man, who has not so far been named, is due to meet

police again on September 29. One problem facing investi-gators, apart from the diffi-

culty of establishing an exact motive and proof of the destruction of the certificates,

is identifying the nature of any

Business Mailing Services, which operates from headquar-ters in a small industrial estate off Greenwich High Street; yes-terday refused to speak to visi-tors about the affair.

Streamlining at pit will cost jobs of 200 miners

THE JOBS of 200 miners are to go at Rufford Colliery, near Mansfield in Nottingham-

British Coal said yesterday that it was streamlining work at the loss-making pit where one coalface will close. There will be no compulsory redun-dancies. Miners will be able transfer to other pits in the

British Coal is to spend £5m on new equipment at the col-

Most of the miners are members of the Union of Democratic Mineworkers.

The minority National Union of Mineworkers was not invited to the talks but Mr Henry Richardson, its Notting-hamshire general secretary, said that he was gloomy about the chances of the pit

He predicted a further five Nottinghamshire pit elosures within the next five

Move to continue Paramount operations

By David Churchill, Leisure Industries Correspondent

holidaymakers may still be able to take their package tours this summer in spite of the collapse this week of Para-mount Airways, one of the main charter sirlines to continental holiday destinations. Spicer and Oppanhaim, appointed by the High Court on Monday as joint administrators of Paramount's operations, said last night that it was "confident that we will be able to continue Paramount's original

MORE THAN 150,000 British flying programme and thereby holidaymakers may still be ensure that holidaymakers who are booked on Paramount holiday flights will not be dis-appointed."

However, the administrators stressed that completing the holiday programme depended on the support of staff and others connected with the airline.

The High Court appointed Spicer and Oppenheim to take over the running of Paramount

It is understood that Paramount was in dispute with tour operators including Redwing, Intasun, and Owners Abroad, over unpaid charter fees following new ownership of the airline last week.

This summer's 10 per cent volume slump in package holi-day bookings may also have hit Paramount's operations. The administrators' repre-sentatives will be at all the UK sirports used by Paramount to deal with customers' queries.

became County's head of sales

left to join rivals Citicorp Scrimgeour Vickers in June.

Other senior WoodMac people remain. Apart from Mr Chiene, there is Mr Robert Norbury,

deputy chairman and manag-ing director of the securities arm, and Mr Scott Dobbie, vice

chairman. Senior employees in

the firm claim that the depar-tures are not the result of any "tribal warfare" against Wood-

WoodMac was bought by County at the end of 1987 in what amounted to a reverse

takeover of County's securities

firm Fielding Newson-Smith

and market makers Bisgood

Built around the broking

Three WoodMac executives resign from County NatWest unclear last night, and he could not be contacted for comment. However, it is understood that Mr Cartwright, the former head of risk, resigned in reaction to what Mr Ferguson had to the contact of the

ON MONDAY evening, Mr Tim Ferguson was introduced to fellow directors at County Nat-West WoodMac, the equities arm of NatWest's investment hanking subsidiary, as their new chief executive. By yesterday, it had emerged that three directors had resigned. No connection, claimed most of those

Although the departnres appear to be for very different reasons, it seems that County - still recovering from the devastating blow of the Blue Arrow affair - is not out of

the woods yet. Mr Ferguson replaces Mr John Chiene, the former Wood-Mac boss who ran the bank's equities arm since County absorbed his firm at the end of 1987. Mr Chiene is giving up his day-to-day responsibilities on the securities side, after 20 months, to take on the job of deputy chairman of County NatWest From there be will

wield influence over the bank's policy and external relations, if not over the detail of operations.

Speaking about the decision to put Mr Ferguson in the chief executive's chair, Mr Chiena said: "It's a young man's business. I fully endorse his

The three departures appear to be for different reasons, not part of a concerted walk-out. Mr Giles Vardey, director in charge of Europe and derivative products, is leaving to rejoin Salomon, which he left three and a half years ago, as bead of European equities

"I've weighed up my options and I've placed my bets," he said yesterday, stressing that his departure was not connected to other moves at the bank. "I'm not leaving because of the restructuring. Far from

Mr Ian McBean, head of UK



Mr John Chiene (left) has handed over to Mr Tim Ferguson research, is understood to be

planned for some time,

although it was only announced to CNW's directors

last night. Unlike other senior



move to London when the firm's centre of gravity moved

Of the three, only the rea-WoodMac. sons for Mr Christopher Cartwright's departure remained

in et the start of this year, This week's moves mark omething of a watershed for the former WoodMac people who have run the business for approaching two years. Mr Cartwright and Mr McBean, like Mr Chisns, were with

had to say on Monday night.

The message of that meeting was that County's equities business would be reorganised

to combine the domestic and international operations. Mr

Ferguson, who had run the firm's Tokyo operations, was

He was appointed by Mr Howard Macdonald, ths

County chief executive brought

being put in overall charge.

Mr Ian McLean, another senior WoodMac employee who

Blahop, County bad been unsuccessful up to then. This week's changes - substantially taking operational control away from WoodMac people - has turned the wheel full circle.

upercomputers are the Formula One vehicles of the computer world the fastest, most the fastest, most powerful, most expensive and most prestigious of machines. Racing at speeds of billions of calculations per second, they can reduce huge computational tasks to a few minutes work. So US and Japanese supercomputers are competing in a closely watched "grand prix" with national pride as well as economic benefits at stake.

For years. Cray Research of the US has held lead position in the high-performance computing race. The company boasts a two-thirds share of the 350 or so supercomputers installed throughout the world. But recently Cray's lead has been shortened by Japanese competitors. In a direct chal-lenge to American supercom-puter leadership, NEC, the Jap-anese computer company, earlier this year introduced what it claims is the fastest supercomputer in the world

what it claims is the fastest supercomputer in the world, with up to eight times the computational peak performance of the fastest Cray machine.

Although some US executives have dismissed the NEC announcement as a "paper tiger", few doubt the strength of the competition. of the competition.
According to a survey of

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senior computer industry executives conducted by Technoloeic Partners at its recent supercomputer confarence in California, most believe that the US still retains a lead in supercomputer technology. They forecast, however, that it will take Japanese companies only about five years to catch up and that by the end of the 1990s Japan will be the pre-emment manufacturer.

Long the subject of political debate in trade and defence issues, supercomputers are again the focus of attention in Washington, where the Bush Administration has cited Japan's failure to purchase US-made supercomputers in a

trade action against Japan.
"Snpercompnters have become a lightning rod for US concerns about international competitiveness," says James Berrett, chairman of HNSX, a supercomputer joint venture between Honeywell of the US and NEC of Japan that aims to sell NEC supercomputers in the US. He says a supercomputer is just a very powerful research tool, but the machines have become a symbol for all

the trade problems between the US and Japan. Already, the US has placed restrictions on the purchase of Japanese-made supercompu-

Louise Kehoe looks at developments in the US and Japan in the supercomputer race

Unrelenting struggle to stay in the lead

ters by US government agen-cies and by research establish-ments that receive funds from the US Defence Department, which together account for about 40 per cent of the US

in efforts to strengthen US supercomputing technology, legislation was recently introduced in Congress to create a \$2bn (£1.2bn), 3-Gigabit high-speed data network to enable US researchers at more than 1,000 facilities to share computer power. The bill also provides funds for supercom-puter and software research. But, according to some analysis, the real Japanese super-computer threat lies not in the race for higher Gigaflops but in the possibility that Japan's ifacturing industries may have greater access to supernave greater access to super-computers. They can use these to speed products, ranging from cars to integrated circuit chips, to market, beating their



Eagle eye

To date, the US has far more supercomputers installed than any other country - about 50 per cent of the world total. Many, however, are used in government applications. In Japan, with about a third of the world's supercomputers, a much higher percentage is used in commercial research and development.

In soma important areas of high-performance computing

"Tha Japanese have gone after the supercomputer market by taking a similar approach to Cray," says Jean-Yves Leclerc, president of Evans & Sutherland, a new US

entrant in the supercomputer

HIIII .

competitors, but they have not problems.

been creative."
The limits of performance for traditional supercomputer architectures, hased upon singie, super-fast vector processors, are closa to heing achieved, E & S believes. The company has therefore chosen a different approach, which it says makes more efficient use

of processing power.
Traditional vector proces sors, such as those offered by Cray, make inefficient use of computing resources, often delivering only a fraction of peak performance potential and virtually wasting the remaining resource, says

US national laboratories which are among the major users of supercomputers, typi-cally achieve only about 12 per cent of the peak performance of thair supercomputers because application programs are not well suited to vector

processing he claims.
Instead , E&S has adopted the increasingly popular "parallel processing" approach in which computational problems are broken down into subproblems that can be tackled simultaneously by a set of processors working in parallel.

The E&S supercomputer,
ES-1, fits in the middle of the

supercomputer range with performance of 400 Megaflops (floating point operations per second) to 1.6 Gigaflops. This compares to a performance range of 330 Megaflops to 26 Gigaflops for Cray's fastest supercomputers. Prices for the ES-1 range from \$2.2m to \$8m compared to Cray's range of

compared to Cray's range of about \$5m to \$30m.

Unlike several other recent entrants in the high-perfor-mance field, however, R&S has not adopted a "massively par-allel processor" (MPP) architec-ture in which hundreds, some-times even thousands of small processors are linked together. The MPP approach is only suited to a narrow range of extremely specialised applica-tions, E&S argues. In most cases a multitude of processors

forces users to subdivide their

computational problem into an

field. "They are formidable unmanageable array of sub-

"A massively parallel machine can be compared to a cleaning service that despatches 400 workers to clean a house. Six or eight would be fine - one for each room but 400 is a management nightmare," Leclerc explains.

A dozen or more companies are competing in the emerging market for massively parallel processors, creating intense competition. Many of these companies are start-ups with limited funding, and analysts anticipate a high drop-out rate. Among the leaders, however,

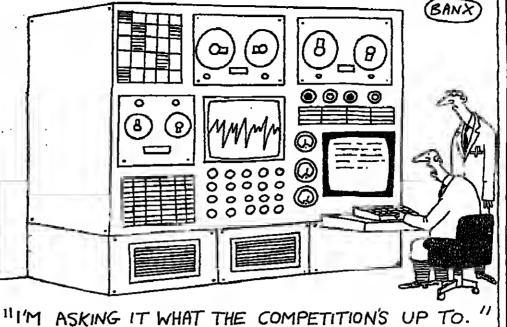
are companies such as Think-ing Machines of Cambridge , Massachusetts, Intel Corporation's Scientific Computer sub-sidiary division, Active Memo-ries of San Diego and Ncube of

Beaverton, Oregon.
The technology behind MPP computers has been around for several years and has a strong base of support in the US defence establishment. Commercialising MPP has proved more difficult, partly because programming MPP machines is notoriously ardnous. But MPP supercomputers offer perfor-mances close to those of traditional supercomputers at a fraction of the cost. And market analysts say a broader mar-

ket is developing.
Sales are projected to grow
at a rate of 25 per cent per year
to reach \$180m by 1993, according to Dataquest, the US mar-ket research firm.

Leading the field, Thinking Machines claims an installed base of about 10 per cent of the world's supercomputers with 1988 sales of \$31m. Recently the company signed a marketing agreement with Digital

TM's Connection Machines comprise up to 64,000 intercon-nected processors. Among the advanced applications of these MPP systems is a recently introduced information retrieval system offered by Dow Jones News Retrieval Personal computer users can access the service to search for business information.



Unlike most such services which require users to learn a set of commands or restrict the way in which they ask ques-tions, tha new Connection Machine-based Dowquest sar-vice allows users to ask plain-English questions such as:
"What is the higgest computer company in Europe?" Each of the thousands of processors in tha Connection Macbine searches through a few of the articles in the database to pro-

vide a very fast response.

Also bringing MPP technology to the husiness market, Ncube has introduced what It claims is the most powerful computer in the world, a MPP supercomputer for scientific engineering and husiness

The Ncube 2 supercomputer comprises up to 8.192 processors delivering processing speeds of up to 60hn instruc-tions per second and 27hn scalar floating point operations per second. Prices start at \$495,000.

Ncube has also announced that Oracle Corporation will adapt its widely used database management system software to run on the Ncube 2 Lawrence Ellison, Oracle's president suggests that prospective users of the supercomputer-hased data management system include large financial institu-tions, the health-care and pharmaceutical industries, and numerous government agen-

He says that by using the Ncube supercomputer to run Oracle's software, husiness customers will be able to achieve five to 10 times greater transaction processing rates than attainable at present on even the largest IBM mainframe computer - and at a fraction of the cost.

"The Ncube 2 decisively regains the US's lead in supercomputers from Japan and simultaneously opens an entirely new market for both supercomputers and business data processing software," Ellison says.

At Intel Scientific Computers a project to develop a prototype supercomputer has started with funding from the Defense Advanced Research Projects Agency (Darpa). The project is aimed at developing a system with as many as 2,000 proces-sors, each with the power of a Cray-1 supercomputer.

Darpa will contribute \$7.6m in research funds over the next three years as part of the program's \$27.5m total cost.

"We expect to improve parallei computing performance lev-els 100 times over what they are today as well as create the software environment to give these powerful machines the look and feel of conventional computers," says Justin Rattner who heads the project.

A different approach to highperformance computing is being taken by a group of companies offering "mini-super-computers", also known as general purpose departmental supercomputers - machines that offer performance close to that of a true supercomputer at dramatically lower cost.

Among those in this field is
Supertek, a California start-up
company that makes Bahy Crays." Supertek's mini supercomputers ohey the same instructions that drive a full-scale Cray supercomputer ensuring that existing applica-tions can be transferred from a

Cray to a Supertek machine. Several of Supertek's cus-tomers already bave a Cray supercomputer. They use the Supertek machine to offload work from the Cray, or to develop programs for the Crsy explains Mike Fung, Supertek's president and founder.

Rather than share time on a Cray, researchers like to have their own supercomputer, but costs are prohibitive. The next best thing is to have a dedi-cated mini-supercomputer.

"Toshiha recently hought one of our machines for a divi-sion that could not get enough access to their Cray supercomputer. Now they are running it 24 hours a day," Fung says. Since launching the Super-

tek 1 last autumn, Supertek has sold more than 10 machines, set up a joint ven-ture in Japan with Yokogawa and completed a marketing agreement with Nippon Steel It is now working on its second generation machine, reducing 18 circuit hoards to a single, highly integrated hoard with two to three times the perfor-mance of its present product. This amhitious company

aims next to attack the Euro-pean market, possibly through another joint venture and to launch a public stock offering within the next two years.

Timely messages for the traveller

paging device in a wrist watch is hidding to become the latest required accessory for the young, upwardly mobile professional. The wrist-watch pager might eventually allow businessmen around the world to send messages to cach other which they can read on their watches.

"This bas enormous potential," says Mr Michael LaTronica at Labe, Simpson and Company, the New York hascd research analysts. "The revenues from watch paging services alone could be worth \$1.5bn (£929m) in the US just five years after their launch.

Three watch companies, setko of Japan, Timex in the US and SMH of Switzerland, the maker of Swatch, are competing to bring their pagers to market during the next 12 months. Mr LaTronica believes the system used by Sciko is the most sophisticated. It uses technology supplied by AT&E, the Californian telecommunications company, and inte-grated circuits provided by Plessey Semiconductors of the UK. AT&E also plans to pro-vide the paging service.

The AT&E system nilows

callers to send up to 99 stan-dard messages such as "ring bome" or "call the office" by tapping in numbers on the telephone keypad. The message is sent to a clearing house and transmitted by telephone line to about 170 FM radio stations across the US. AT&E bas already signed 115 of the leases it needs to cover about 50 US cities.

The signal is transmitted by the radio station on unused frequencies alongside normal programmes. It is picked up by the watch through an antenna in the wrist-band and the message is displayed on the face. The product will be launched on the US west coast next year and will cost ahont \$200.

Timex, the US watch com-pany, and Motorola, the US electronics manufacturer, have a similar wrist watch paging system which runs on traditional paging networks. Trial models will be available in November. Motorola's product will retail at \$300.

Paul Abrahams

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Likewise, how many Marketing Directors in industry control the technology marketing process, including parenting and product licensing – that's somebody else's responsibility in another pare of the company! Marketing is not a science. It is the creative process identifying the market need, through to the implementation of product strategies to meet that market need. Nothing very clever in that, but how many engineers and scientists address the market need for

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JOBS

Chill winter in prospect for move-seekers

By Michael Dixon

than 1,800 upper-ranked staff in January-June, ebout 30 per cent more than in the

first half of last year.
Of the 1,800 openings, just over a quarter were with UK

banks and brokers and a similar number with US-

JUST AS the weather in Britain turned hot, the executive jobs market did the opposite. Whet's more, the climate for managers and higher-ranked specielists seeking moves in the United Kingdom looks set to worsen before it gets better.

Demand for them in

April-June fell by 13.4 per cent from the level of the corresponding three months of 1988, according to the MSL international consultancy's latest quarterly count of executive jobs advertised in UK national journals.

My expectation that the demand will fall further is based on the eccompanying table compiled from the consultancy's counts since mid-1984. It is true that the picture is not entirely black. In the top part of the table which gives the advertised demand for the 12 months to Juoe 30 - the latest period showed improvements over 1987-8 in half of the eight types of work listed, and the total was only 2.2 per cent

But gloomier omens lie in the counts for the threemonth periods summarised at the bottom of the table. The most recent three of them have brought two small slips then a distinct drop, and when that pattern last appeared in 1985-86, the

UNITED KIN	NGDOM	ADVER			FOR N		ers an	D KEY S	PECIAL	LISTS
	198	8-8 9	•	7-88		16-87	198	5-86	1984	4.85
Type of work	Posts adver- tised	Change		Change		Change	Posts adver- tised	Change	Posts adver- tised	Change
R & D Sales & mktg Production Accounting Computing General mgt. Personnel Others	4,317 4,706 6,537 7,577 4,393 1,457 1,218 8,472	+ 14.6 - 26.5 - 9.4 - 7.1 + 2.8 - 16.5 + 14.5 + 22.2	3,768 6,402 7,216 7,942 4,270 1,744 1,064 6,932	+20.0 + 3.8 +46.8 +14.2 +21.3 +22.2 + 2.1 +13.3	3,139 8,165 4,918 8,954 3,518 1,427 1,042 8,118	-38.2 - 0.2 -12.9 + 9.3 -10.0 +12.6 +17.5	5,082 6,177 5,639 6,364 3,909 1,267 887	-30.7 - 6.8 -22.0 - 3.0 - 6.4 - 1.4 - 15.2	7,334 6,631 7,230 8,561 4,178 1,285 1,046	+ 0.3 - 2.6 + 10.7 + 14.1 + 15.0 - 2.9 + 7.0 + 29.2
Total	38,477	- 2.2	39,338	+18.2	33,277	+ 8.3 - 5.1	5,754_ 35,079	-10.4 -13.8	8,424 40,689	+ 9.0
July-Sept Oct-Dec. Jan-March	9,338 9,048 10,915 9,176	+ 12.9 - 2.2 - 2.7 - 13.4	6,274 8,248 11,223 10,593	+ 8.0 + 17.8 + 22.4 + 23.2	7,684 7,850 8,168 8,597	- 19.4 - 8.7 + 4.1	9,507 8,596 8,804	- 2.6 - 3.8 -24.3	9,760 8,893 11,624	+20.7 + 3.8 + 8.3 + 3.8

decline continued for another

nine months.

Nor is there much cheer in the breakdowns by types of work for the April-June quarters of this year and 1988, which are as follows:

Type of work April - June 1988 R & D 977 Sales & mktg 1,140 Production 1,447 1,013 1,598 Accounting 2,038 1,369 448 884 344 Computing General mgt Personnel 1,676

The evidence from MSL's checks on four sectors of industry was distinctly mixed. One - energy related industries - showed a 62.4 per cent increase with 807 executive jobs advertised in April-June as against 497 in the corresponding quarter of last year. There was a marginal improvement in the

compared with 230. On the other hand, high-technology concerns offered only 712 posts as against 863 in April-June 1988, a 17.5 per cent drop. Retailing's count

count for food, drink and tobacco companies: 239

owned organisations. Those headquartered in the Far Eest and in Continental Europe contributed about 18 per cent apiece, with the rest coming piecemeal from other overseas concerns.

The breakdown by broad

kinds of work was: Type of work Foreign exchange Equities Futures, options etc Fund management etc Corporate finance

Venture leader

NOW to the Highlands and Islands of Scotland where headhunter Jestyn Angus of Knight Wendling is offering the managing directorship of fell by 16 per cent to 252 compared with 300.

Meanwhile, however, City of London banks and the like have evidently bucked the declining trend of the overall a subsidiary set no by British Telecom. The object of the venture is to equip the region with data-communication capabilities equalling those anywhere else in Europe, UK executive market by increasing their demand. The Jonathan Wren recruitment consultancy in the City says it was asked to find more with a view to expanding local business and attracting new investment.

Based in Inverness, the

recruit will plan and lead the marketing and installation of the communications network. Candidates should have shown commercial flair and financial acumen in carrying through business projects in a service or consumer-products concern. Knowledge of computing, management information systems and so on would

systems and so on would help, as would a recognised management qualification. Salary at least 230,000. Car among other benefits. Inquiries to Mr Angus at 95 Bothwell St, Glasgow G2 7JZ; tel 041-221 8676, fax 041-204 3913.

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MANAGEMENT

be world's chemicals industry, which a few years ago was in steen decline, bas made a startling recovery nowhere has the climb back from recessioo been more remarkable than in the case of

Imperial Chemical Industries. Britain's biggest manufacturer, and the world's fourth largest chemicals group, at the turn of the decade was in deep trouble. The company was losing money, its managers were confused and depressed and in business terms it had lost its way. Too many ICI products were coming out of old-fashioned, capital-intensive plants for markets which no longer appeared to exist.

The contrast with 1989 could hardly be more striking. The company, like many other chemicals groups, has for the past two years riddeo high as the result of unexpectedly good demand for many types of industrial and consumer chemicals. It will probably this year post a taxable profit of around £1.7bn on sales around £13bn.

Underscoring the turnround have been the broad changes in the world's £600bn-a-year chemicals husiness - a huge and highly diversified set of manufacturing operations which feed into just about every other production and

consumer activity.

Many of the world's large chemicals companies have risen from the recession by putting emphasis on newer, more specialist materials which have bigber margins and are less linked to the ups and downs of broad economic cycles. These companies which include BASF, Bayer and Hoechst of West Germany, the world's three higgest chem-icals groups, together with Dow Chemical and Du Pont of the US — have also spread their businesses more broadly from a geographical point of

ICI has followed this path, with a vengeance, "I think they were more determined than anyone else (in the chemicals husiness) to make a firm hreak with the past," says Michael Roever, a chemicals expert at the Munich office of McKinsey, the management consults.

Nowadays ICI is more diversified than any other large chemicals business, with activities ranging between bulk production of ethylene and other petrochemicals to manufacture of composite materials, seeds, electronic chemicals and bio technology-based industrial enzymes - fields which ICI bas entered in the past decade. World chemicals

Why ICI believes people need space

In reshaping itself to counter a recession in the early 1980s, Britain's biggest manufacturer has emerged with an unusually flexible style and 'fuzzy' organisation that it claims encourages the implementation of ideas. Peter Marsh reports

On top of that the company has built on the high-value chemicals areas in which it was already involved at the end of the 1970s, such as phar-maceuticals, crop-protectioo compounds and paints. "ICI is not just a chemicals group any more," says Roger Shamel, president of Consulting Resources, a Massachusetts consultancy. "It's shaping up to be one of the mega companies of the 1900s."

In parallel with the switch into the specialist areas of chemicals, which now account for about half the company's sales and profits compared with 30 per ceot in 1980, has beeo expansion into global

markets.
ICI, since its formation in 1926 as a result of a merger between four UK chemicals groups, has always had more of an overseas orientation than many other British manufacturing groups, It was "imperial in name, and imperial in aspect," according to one of the company's early planning doc-

The concentration on the old empire countries was count-ered by a drive by the company into continental Europe and the US in the 1960s and 1970s. But even in 1980 Britain accounted for 42 per cent of the company's sales; last year that figure was cut to about a quarter with reveoues from the rest of Europe and North America having climbed steeply in the

While at the turn of the decade nearly three-fifths of 1CI's employees worked in Britain, the proportion today is just over 40 per cent. The total numbers have declined slightly from 143,000 to 130,000. Large job cuts from the heavy chemicals side of ICI's business have to some degree been made up by extra people coming on to the payroll in the newer, specialist areas, partly throngb acquisitions.

The spread of ICl's operations, both in product areas and geography, involves obvious management prob-lems. "All that diversity gives you incredible strength," says Shamel. "But you've also got to be very good at managing it



Sir Denys Henderson man of ICI

Stuart Wamsley, an indepen-dent chemicals industry

researcher who was formerly

an analyst at Morgan Stanley, the US bank, has mixed feel-

ings about ICI's recent history.

He says it has made commend-

able progress in moving away

from the commodity side of

chemicals, something which should help the company in

the widely expected downturn for many kinds of hulk indus-trial materials over the next

ut he is less than happy

about the company's speciality ventures, some of which - in particular

paints and advanced materials

he believes are performing less than well. "ICT's speciality operations are a mish-mash."

says Wamsley. "It needs to sort out which bits it's going to stick with and which to chuck

Central to these worries are issues which affect many multinationals. They boil down

to creating a flexible manage-ment style that will bring about a good halance between

the various parts of a com-pany's operations. There has to

he some element of control

from the centre plus a lot of

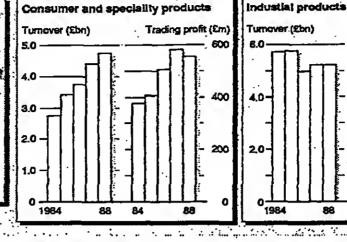
freedom given to managers with responsibilities for geo-

graphical areas and product

There also has to be a lot of

mixing of people and ideas

overboard.



between different parts of the company's operations so that

other. That applies especially

to research and development

(R&D) activities, a field in

which the company is spend-

ing more than £600m this year.

Research is increasingly impor-

tant for ICI given its big thrust

in recent years into many spe-

cialist, science based products.

Many hig chemicals compa-nies choose to accentuate one

element in the overall manage-ment structure; BASF and Hoechst have a high degree of

cantralised control while

Exxon Chemical of the US

splita np ite international

operations firmly along the

lines of product groops. ICI, meanwhile, has an extremely

Not only is no single part of its management functions -

neither bead office nor the

regional or product groups — given overall charge, the rela-tions between these three ele-ments in the organisation are

left deliberately vague. Sir Denys Henderson, ICI

chairman for the past two-and-

a-half years, says the lack of sharpness is necessary and intentional. "The structure lacks clarity," says Sir Denys. "But then we're in a complex industry. We hope that most

arguments can be sorted out

by discussion."
He says the lack of rigidity

in the management structure

fuzzy organisation.

nagers can learn from each

4.0 makes the company quicker to react to new technical and

Turnover (£bn)

B.0

marketing opportunities.

implementation."

the 1970s we were good at plan-

ning. Now we're better at

chairman between 1982 and

1987, puts the issue more hluntly. The lack of elaborate

overlays (in ICTs management

structure) gives people the maximum amount of space to

achieve things. If there are

arguments between managers in different divisions you make

it abundantly clear it's up to

them to sort it out. If they do

you give them a pat on the

back; if they don't you shoot

An important part of ICTs

structure, and one which emphasises its commitment to

act as a global company, are its

10 broad business groups. Most

of the important manufactur-

ing bases for these divisions are in Britain, which also acts

as the headquarters for six of

them, incloding pharmaceuti-

cals, beavy chemicals (which

cover most of the commodity

products), crop-protection com-

in the early 1980s ICI put four of the groups' head offices -covering polyurethanes, explo-sives, advanced materials and

speciality industrial chemicals

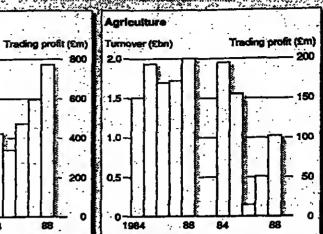
- away from the UK. These businesses are controlled from

Belgium, Canada or the US.

As a deliberate policy move,

pounds, paints and films.

Sir John Harvey-Jones, ICI



company - which accounts for The product groups have to liaise both with head office and also with regional managers. Rather than call the people in

charge of these groups chief executives, which would have conveyed too much of an impression of their being solely in charge, ICI came up with the nama "principal executive officer". This impressed upon them, says Sir Denys, that they would have to share at least some elements of power with head office and with the company's regional beyong pany's regional barons. Another important aspect to ICI's policy of instigating man-agement flexibility is linked to

its highly comprehensive and detailed career planning policies. These apply not just to the top layers of the company hut extend deep down into management grades.

he group's head-office personnel section, in conjunction with top managers from the 10 product groups and the most important regional divisions, holds regular meetings to discuss "suc-cession planning" — who will step into whose shoes in the top 170 or so jobs in the company ranked in terms of factors such as responsibility for sales and supervisory functions.

Other discussions on a similar basis, although not necessarily to the same amount of detail, take place for the next a total of 24,000 people.
This exercise of continually

running the rule over the top people in the company and those aspiring to these positions from lower down tha order has, according to onlookers, given ICI a series of good managers. These people are in a better position to know continuously what is expected of them as they move through the hierarchy of the comp and are flexible enough to

adjust to change.
David Zenoff, a freelance US consultant who has made a study of multinational management styles, says ICI has "han-dled pretty well" the careerdevelopment aspect of its activity. "Career planning of this kind is an essential part of how well managed multinational should organise itself," says Zenoff. "It's a way companies can leverage their future hy determining in soma detail how their good people are going to progress." Part of ICI's management

planning has been the effort to mova employees around between countries and product groups and to get more non-UK people into the top positions within the company. Of the top 170 executives 70 are from outside the UK and the plan is for their numbers to increase as ICI's global operations expand. "It is part of the process of opening the company up to dif-

ferent ideas and outside per ceptions," says Rounds, issue, hel, ICI director with remarks bility for North and Los

A final way of promoting iresh ideas and flexibility the company has been the the the company has been varied R&D structure, a part of the company which spans all the business groups and accordate for some 11,000 people.

After a fliriation in the 1870s with centralisad R&O

operations, the company has spun most of these off into business divisions to get a beg-ter link between scientific and marketing staff. A key theme, marketing staff. A key theme, instigated in the early 1980s under Sir Charles Reece, R.Fe former research director who retired in February, and followers. lowed on by Peter Doyle, his successor, has been the estab-lishment of an elaborate net work of internal scientific com-

These groups, which meet on a regular, formal basis, but which have a relatively unstructured remit, bring together scientists from all around the group who have a brainstorm on a variety of topics - from factory engine to the structure of proteins.
"It's a way of ensuring that scientific ideas can flow across husiness boundaries," says

Doyle.
What of ICI's future? The company's profits are likely to be hit by the forecast downturn in the commodity-chemicals business worldwide - which many analysts think will hit home towards the end

of the year. ICI may also find it has to do more work than it thought in beefing up even its most prized apeciality divisions. Tha group's big divisions in phar-maceuticals and agrochemi-cals, for instance, face likely problems as a result of strong worldwide competition in both these areas and a likely slow-down in the rate at which ICl can bring new products onto the market caused by increas-ing regulatory pressures from government licensing bodies. The company, too, will probably face tougher environmental regulations as the developed world continues to take a harsher line on chemicals pol-

Zenoff, the management consultant, believes however that ICI has the flexibility and the commitment to pull through. "ICI has done a hell of a job over the past few years. Managers wear the experience of the early 1980s on their foreheads every day and they are determined not to let the company slide back."

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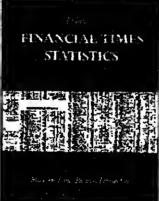
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Marat/Sade

PLAYHOUSE THEATRE

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To remind you of the full title: nently, in the hicentennial the persecution and assassingtion of Marat as performed by the immates of the asylum of the Marquis de Sade Peter Grant Discs productions. But they articulate the intellectual they articulate the intellectual avant-garde hit has not been seen in London since the mesmerising, visceral production of Peter Brook for the Royal Shakespeare Company in 1964.

That shindig, with Glenda Jackson whipping De Sade with her hair and plunging the knife in "poor old Marat" was a synthesizing offshoot of Brook's Theatre of Crielty experiments and immediately extended the possibilities of star performances within creative ensemble limits. It spawned the British fringe.

It now opens the National Youth Theatre's 1989 season. The slow progress of Corday sponsored by Sainsbury's, to Marat's bath is brillianity directed by Michael Croft's suc-cessor, Edward Wilson, and clumsily spoken Harlequin by attended last night by the NYT Graham Sullivan) invoking Patron, Prince Edward. It gives debate. This is listiciously lots of eager and probably tall poised around the bug-eyed, ented young people a bit of an unwavering intervention of airing on stage. More pertication of Cathryn Owen's Corday, who

wonderfully combines provin-cial resentment at the Revolution's failure to deliver the goods with a sense of a melan-cholic harpy arising from a hunatic hinterland. rumpus between Marat and De Sade very clearly, even if the hierarchical layers of authority and curious mob-driven osmo-

The haunted, puritanical bath-bound Marat of Daniel Craig grows in stature through the evening, just to the point where his discreditation by the ghosts of his family and a caricatured Voltaire carry maximum impact. While Marat is dehunked, so De Sade (Dickon Tyrrell) is demoralised by an orgisatic response to his sexual revolution premonitions.

Jeffrey Archer has not installed air-conditioning in the Playhouse, so we all nearly joined Marat in what was rapidly becoming a communal steam bath. Everyone flapped programmes and checked armpits, save for Prince Edward, who maintained a stoical dignity, perhaps stunned into indifference by the lunatics rehearsing the uprising on

Michael Coveney

TELEVISION

Hunt for promised summer class

t has long been my feel-ing that, for a generation of print junkles — raised and educated from Little Grey Rabbit to Wittgenstein on a diet of books, books and more books – to snipe perpetually at television is counter productive. British television shows quite enough good mate-rial to allow for frequent celebration, and filling a column every week (worse still every day) with clever supercilious-ness at the expense of Dallas and Wogan is rather like shooting fish in a harrel, as the Americans say.

FT book critics do not waste space deriding Barbara Car-tland, nor do FT music critics bother to scott at all those concerts with titles such as "An Evening Of Broadway Hits." As with other disciplines it should surely, be the job of the FT television critic, more often than not, to hunt down the best material and hold it up for admiration rather than select the worst and subject it to ohso-clever ridicule. True, this column was devoted last week to a somewhat frivolous consideration of the naff and the kitsch, but that was an excep-

The intention this week was to return to normal and cele-brate the improvement in programme standards this summer over other rscent summers. The broadcasters had said they would be trying harder this year, spending more money, depending less on repeats, and offering, for example, some new drama series of the sort they usually save for the sort they distantly say in this autumn. But, try as I might, I was folled at every turn and ended up deeply sus-pictous of all those claims.

I began with Byline, the latest in BBC1's collection of "anthored" documentaries which has already produced several excellent programmes, and which seemed to promise something outstandingly inter-esting in "The Blasphemers' Banquet," poet Tony Harri-son's response to the Rushdie affair, Apart from Fay Weldon who has had the guts to come out and declare that the whole business has turned her against the left-wing shibbo-leth of "multiculturalism," there has been frighteningly little said against the demands of some British Muslims for censorship and murder. In 1989 nothing, it seems, is worse than being suspected of "rac-

Knowing Harrison's beliefs. we were entitled to expect a vigorous defence of freedom of



nature programmes are usu-

expression and soms tough words on the malignancy of organised religion. Sure enough, from time to time, we got them. We saw the hysterical supporters of Khomeni beating the blood out of their own heads and, wickedly, teaching little children to do the same; and we saw ranting priests from other religions Protestant, Jewish, and Catholic as well as Muslim - spreading the evil old dogmas and spewing out hate.

Yet the programme was ultimately a failure, largely hecause of its style. The so-called "banquet" never actually materialised; the ideas of Voltaire, Byron, Molière and Omar Khayyam were used only sparingly, to say the least; and Harrison delivered the script, consisting entirely of his own poetry, as though he were Vincent Price descending to the crypt of Castle Dracula. Why must he adopt such a grim and gloomy monotone in everything he does?

Next night brought the first in a series of four programmes called This Food Business, a subject on which you would have thought it would be diffi-cult to miss this summer, what with salmonalla, listeria and little green worms. But presenter Derek Cooper turned out to be too much of a geotle-man. Perhaps a little more rig-our will emerge as the series proceeds but, so far, even if everything is not being forgiven it is being understood

On Wednesday we expected one of the hig treats of the week and perhaps the season: the opening episode of Any-thing More Would Be Greedy (AMWBG), the first drama serial to be written expressly for television by Malcolm Bradhury. Expectations were aroused hy Bradbury's adapta-tion of Tom Sharpe's Porterhouse Blue which was some-times awful, sometimes mediocre hut sometimes hilarious, and most of all by Brad-bury's own story *The History Man*, one of the highlights of the 1981 autumn television season and Antony Sher's first

major claim to fame. But perhaps the lesson to be learned from AMWBG is that the key participant in the television version of The History Man was Christopher Hamp-ton, who wrote the dramatisation. AMWBG begins with six Cambridge students in 1973 and follows them through the Thatcher years. The usual trouble has been taken with the trappings: the tank tops are right, and the long hair and granny glasses (though the attempts to make England stand in for Boston, and some English institution for Harvard, are pretty laughable) hut the higgest let-down is the feel of the thing. It is as though it was created by a hright PhD student too young to remember the period for himself and working from cuttings, so that we get a clever pastiche of the eventies instead of the real

been shooting clandestine film in Warsaw Pact countries for donkey's years, and producing McCoy. Whatever else disappoints,

excellent footage. There is no clear reason why interior hand-held photography should be as bad as it was here, nor any obvious reason why the sound recording, editing and direction should have been equally poor. interesting material was reduced to mediocrity by amateurish technique; a most unusual failing in a BBC programme.

Then at the weekend Chan-nel 4's Equinox brought us an imported documentary which undertook to "get beneath the skin of the Big Apple" and show us how New Yorkers are supplied with power and water and relieved of their sewage and ruhbisb. It is a fascinating subject, each item could easily have occupied the entire hour, and it was an acceptable programme. Yet its tooe and approach were indistinguishable from those Look At Life shorts which used to procede the popcorn ads in cinema douhle-hills during the late 1950s.

By the end of the week I was feeling pretty sure that, what-ever good resolutions they may have made, broadcasters are still, consciously or suh-consciously, relegating weaker material to the summer months. Perhaps in other Augusts we have not had a home-grown drama serial as new and expensive as AMWBG, but I suspect that the ITV programmers know instinctively that they need something better to lead their autumn schedule.

ally highly satisfying and

Thursday brought the first in a

new series of Wildlife Showcas

on BBC2. We were promised that "Return Of The Bouldras"

was an award winning film

showing the reintroduction of the griffon vulture to the Mas-sif Centrale in France. In the

event some of the pictures

were impressive, though tha normal standard of wildlife

photography these days is so high that it is difficult to stand

However, the programme

was ruined by its commentary, whether a translation of the

original or a new one written for the BBC it was hard to know, Either way it was a study in cliche, What does the

female vulture feel in spring?
"Nature's pressing call to reproduce." How long does incubation last? "Two long months." What do mistle thrushes do with flower seeds?
"Peer the hearts"

"Reap the bounty." What does

the valley become in October? "An autumn-tinted gorge" and

nel screened Under The Sun

and this time it was not a bad

script but lack of technical

A little later the same chan-

Similarly, while there was doubtless no deep-laid plot to run the French wildlife film or the imported documentary about New York's utilities at a time when the A/B audience would be sitting heside the swimming pool of its converted Umhrian farmhouse, the fact remains that it is only when they are back again that the BBC will start to screen its new Attenhorough wildlife series (assuming it has one) or C4 to show its home-produced documentary series (assuming it has one).

The BARB figures say that average summer viewing is down eight hours per capita per week compared with the expertise which let the pro-gramme down. There were hints that, with interference from the KGB, this investiga-tion of Jewishness in Estonia winter, from 28 hours to 20, and top sudiences down from 17m to 13m, but hroadcasting executives do not live in Gasworks Terrace, they live in Acacia Avenue. So far as they was made in trying circum-stances. Nevertheless, World in Action and other series have are concerned everybody is on holiday, and the schedules are arranged accordingly.

Christopher Dunkley

National Youth Orchestra

sis of the Charenton inmates cannot rival (obviously) Brook's obsessive drive. The

lyrics of Adrian Mitchell and music of Richard Peaslee, now

ardent, now vaudevillian, remain a potent element.

Brook probably masked the prophstic triumphalism of Napoleon, whereas the NYT,

ironically hymning 50 glorious years, successfully nail the pre-tensions of the Revolution for

the Thatcher era.

Sunday night siven by the concert was given by the National Youth Orchestra: Sunday night's Promenade while Sunday afternoon's -for there was one - had been for there was one — had been suitably preludial in showing off the National Youth Brass Band in a short, lively recital conducted by Sir Charles

Groves.

The evening programme —
conducted by Mark Elder was a strange one, though con-sistent with the adventurous policy of the Proms. The first part comprised three not sooften played tone poems hy Sibelius; the second was sim-ply the third act of Die Walk-ure. Whether we were being invited to draw parallels between Wagner and the Finn, between a revolutionary con-cept of opera and a revolutionary concept of orchestral form, between ways of transforming Nordic myth into musical utterance, was not clear, and perhaps not important. It sufficed that we were given the chance to hear studious and loving performances of rela-

Daughter, The Bard and The Oceanides - and a realization - albeit in the concert hall of this crucial segment of Der Ring which was completely

satisfying. The hall was as full as possible. The orchestral space also was full — six harps and eight trumpets; for instance, on the right hand side, a dozen basses on the left, and sextuple wood-wind in the middle. Audience expectation was certain to be met, if only in sonorous terms.

The Wagner excerpt began in excitement and ended with

as moving a half-hour of music as I ever expect to hear. Per-haps the violin stabs of The Ride of the Valkyries with which the act opens might have been more daring and stark, and their visual import more graphically conveyed. But the succeeding clamour of the fine team of eight Valky-ries was spine-tingling, and the entry of the ninth, Brumhilde, sung by Dame Gwyneth Jones, shatteringly dramatic. Dame Gwyneth went on to give a performance of absolute authority:

were as nothing beside the ringing eloquence, the brazen fulsomeness of tone, and the sheer soaring virtuosity of her vocal achievement. ...

Jane Eaglen as Sieglinde was her worthy counterpart: she rose to glory on "O hehrstes Wunder!". If Simon Estes as Wotan for much of the time sounded shapely rather than incisive of voice, he nevertheless slipped in the decisiva intonations, and gained tre-mendously in power and intensity for his tragic monologue which brings the opera to an overwhelming close.

Yet the orchestra itself must have the last commendation: it was never less than sterling support, and in the poignant oboe solo which accompanies Brünnhilde's "O sag', Vater!", or the figure for cellos which makes more heartbreaking Wotan's "Muss ich verlieren," it proved itself as mature and accomplished as any.

Paul Driver

Semenyaka and Fadeyechev

If audiences go to the Bolshoy in order to be intoxicated by the company's huge commitment to dencing — and there is no ensemble better able to communicate joy in movement — they can also find performances noble and pure in style, aristocratically refined in manner. The Bolshoy's repertory often calls for monumental effects, massive energies, but it does not obliterate the niceties of scademic distinction: the hordes of Spartacus's followers are the classically distinguished courtiers of Swan Lake. And there is surely today no more elegant partnership in Swan Lake than Lyudmila Semenyaka and Alexey Fadeyechev, who danced on Monday night.

It was an interpretation marked by extreme clarity of means. Semenyaka is that rarest of beings, a *pur sang* classic ballerina. In harmony of physique, in propriety of temperament and style, she stands alone today. The dance is everywhere truly served, without affectation. A translucent manner takes

its colour from her exploration of the choreography: the two sets of Giselle shown as crescendos of action and feeling; her Raymonda (happily preserved on video) and Aurora are displays of the most felicitous academic the role justified because every excess had been pared away. The Swan Queen's mystery was exposed in movement of elegiac force; she seemed an unattainable ideal for Siegfried, isolated in her own tragedy, hut infinitely compelling. Lovely the way Semenyaka phrased movement in lines of poetry; extraordinary how a single floating arabesque told of her bird-like nature. It was a reading unique in

combining lyricism and gravity.

The Odile who first appears to Siegfried was no less a being of mystery, unreadable, imperious. For the great duet there was all the necessary bravura, coloured with unguessable shifts of emotional and physical amphasis as the enchantress played

with Siegfried's feelings. The Odette whom he seeks at the last, was drained of everything except despair: Semenyaka here seemed entirely isolated until the resolution of the drama which, in this version, is more Siegfried's story than Odette's.

It was, in sum, a heautifully conceived and executed account of the role, matched by Fadeyechev's unassuming nohility and technical grace. It is a sidelight on the mysteries of heredity that he should so resemble his fsther, Nikolay Fadeyechev, that ideal Prince of earlier Bolshoy seasons. The same softness and elasticity mark their movement, I would almost hazard the same proportions and musculature.
And if I admire Alexey Fadeyechev's commanding and easy technique, I admire no less the fluidity and power of his gesture: a single pose can draw the character for us.

As this Bolshoy season enters its last week, it is time to salute the company for the sustained excellence of its

performances. There have been some parochial mewings about this visit, hut dance and repertory have hrought glorious things. Accommodating their traditional largeness of scale in production and style has not always been easy, for the company, but the seriousness of interpretations and the value of the stagings has never been in

Yury Grigorovich's Bolshoy is a tremendous ensemble. Because it is never possible to divorce ao understanding of Soviet art from Soviet politics, it is worth noting that during what Rossian commentators have called "years of stagnation," as during the present period of perestroika, Grigorovich has, throughout the 25 years of his directorate, given an enormous troupe a new seose of purpose and sustained its undiminished

Clement Crisp

COMPANY NOTICES

BANCO BILBAO VIZCAYA SHARE CAPITAL INCREASE

The Board of Directors of BANCO BILBAO, Vizcaya S.A., meeting on 27 July 1989, has resolved to effect an increase in the Bank's share capital from 91 billion to 121.3 billion pesetas, by means of an increase in the nominal value of the 121,333,334 ordinary shares in issue which accordingly rises from 750 to 1000 pesetas each.

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FINANCIAL TIMES

ARTS GUIDE

THEATRE

The Merchant of Venice (Phoenix). Dustin Hoffman's Shy-lock a sympathetic, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance pro-duction, Geraldine James a superb Portia (336 2294). London International Festival of Theatre. LiFT, the fifthhien-nial festival takes place all over London during, this Recovenial festival takes place all over London during July.Recommended highlights are the Abbey Theatre of Dublin in Tom Murphy's A Whistle in the Dark at the Royal Court (730 1745) all month and the Comedia de Genève in Strindberg's Miss Julie at the Lyric Harrography (74).

at the Lyric Hammersmith (741 2311) in the last week only. More

details on 240 2428.

Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation between Pruncila Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Clive Francis plays Guy Burgess in a rehash of Bennett's TV film As Employed (734 1165) Englishman Abroad (734 1166). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less frail than expected. sung, less frail than expected (834 1317, cc 836 2428). Henceforward (Vandeville). Martin Jarvis and Joanna van Gyseghem in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love (836 9967, cc 741 9999). Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operatia derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Num, a cast of unknowns project the right sense of sybaritic insouciance. A proba-ble, but unspectacular, hit (839

New York

Heidi Chronicles (Plymouth).
Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavoor of the period (239 6200).

Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes e transatiantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor County (200 5000) tor Garber (239 6200), Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's

awakening in the Aegean Sea. Simon Callow again directs with out smoothing any of the North-ern English edges that retain an authentic touch. Jerome Robbins' Broadway (imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, includ-ing On the Town, West Side the credits is dimmed by the brevity of each piece, with a con-temporary crew of Broadway aspirants who lack the multi-talents that inspired the beyday of the musical. Rumours (Broadhurst). Neil

simon's (streamurst), hell Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits, Chris-tine Baranski leads an ebullient cast in the inevitable but disap-pointing hit pointing hit. Cats (Winter Garden). Still a

sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's poetry set to music is visually artling and choreographically feline (339 6262).

A Chorus Line (Shubert), The longest-running musical in the US has not only supported Joseph Papp's Public Theater

for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200). Les Misérables (Broadway). The

magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama le and My Girl (Marquis). Even if the plot turns on ironic mim-icry of Pygmalion, this is no clas-

sic, with forgettable songs and dated leadenness in a stage full of characters. It has neverthaless proved to be a durable Broadway htt (947 0083).

M. Butterfly (Eugene O'Neill).

The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the

true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

August 3-10 Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's

stilled with Maria Hjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunt-ing melodies in this mega-trans-fer from London (239 6200).

Chicago

Driving Miss Daisy (Briar Street). The touching relation-ship between a dowager, played in this production hy Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades

(348 4000).
Steel Magnalias (Royal George).
Ann Francis and Marcia Rodd
play the leads in this view of
southern life from under the dryers in a busy hairdressing estab-lishment (988 9000). Les Miserables (Auditorium). The international spectacls has settled in for a long stay by the Great Lakes (922 2110).

Tokyo

Les Miscrables. Imperial Theatre (201 7777). Strongly-cast revival (in Japanese) of the stirring musical of the storming of the Paris barricades. The production is a recreation by Trevor Nunn and John Caird of their London original — complete with John Gunter's superh set and lighting. Noh. National Noh Theatre (Wed at 1pm) (423 1331). Hanjo (The Girl whose Loter Went Away), but the great Loter went Away). by the great 15th century noh master Zeami, Plus a kyogeo comic interlude. Japan's most esoteric art form is not to every one's taste, but everyone should see it at least once, since it is the world's oldest living form of drama of any importance.

Paul Mellon to sell part of his private collection

yesterday his decision to sell 33 Impressionist, Modern and British works of art from his private collection at Christie's in London and New York during November. A further 18 paintings, among the 1,200 works of art donated hy Mr Mellon to the Yale Center for British art, are also to be offered for sale. Christie's anticipate the works to realise

Leading the group of the 15 Impressionist and Modern works to be offered in New York on November 14 are Manet's "Rue Mosnier, Paris, decorated with flags" (estimate \$30-40m); Van Gogh's "The Trse, Arles" (estimate \$25-35m); and a Picasso guache of the death of Hariequin, which is expected in the context. is expected to fetch \$20-30m. Degas is represented by his

over \$100m.

Mr Paul Mellon announced portrait of his aunt, the Duck-vesterday his decision to sell 33 esse de Montejasi-Cicerale, ar d by three dancers executed in wax, which will bear estimales of \$1.5-2m.

of \$1.5-2m.

Sporting pictures dominate the group of British paintings to be sold by Mr. Mellon in London on November 17, which includes works hy Gainsborough, Agasse, J.F. Herring Snr. Ben Marshall and Stubbs. London views by Canaletto are offered by both Mr. Mellon and Yale. Mellon and Yale.

The Study Center is de-accessioning works hy artists well represented in the collection in order to establish an acquisitions fund. Turner's "Schloss Rosenau, Cohurg" (estimated \$1.5-2m) and canvasses hy Gainshorough Palmer, Stuhbs

Susan Moore

Piggy Bank moves to Greenwich

The Piggy Bank, adapted from Labiche by C.P.Taylor, opened in June at Derby and has now moved to Greenwich. It is a characteristic French vaudeville, recounting the adven-tures of a party of simple country people who go to Paris to spend the money from the kitty that stands on their whist

table. Naturally they all hlunder into a variety of comic mis-fortunes and end up broke but penitent - apart from wayward young Félix, who has reaped a small fortune from an amorous lady. Susan Todd is

B.A. Young

FINANCIAL TIMES

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Wednesday August 9 1989

After the **Contras**

ONE SMALL Central American state was writ large on the Reagan era's map of the world. Yet Imperceptibly over the past seven months Nicaragua and the revolutionary threat it purported to represent to US interests in the region has vanished, and yesterday the Bush Administration was all hut welcoming an agreement which sounds the death knell for the organisation once duhbed by President Reagan "the moral equal of our foun-

ding fathers".

By dispensing with his pre-decessor's ideological mind-set. President George Bush has come to see and treat Nicaragua in a more realistic perspective. Ten years after over-throwing the Somoza dictatorship, Sandinista Nicaragua is an impoverished nation, incompetently run by a group of relatively well-inten-tioned ex-revolutionaries desperate to ohtain the benefits of a capitalist world in a peaceful Central America. Mr Bush, for his part, has seen the damage that was done to the US image in Latin America by hrushing aside successive peace initia-tives in favour of continued

armed confrontation. The precise objective of Washington's support for the Contras was never fully explicit. Emotionally it was clear that Mr Reagan and his entourage yearned for cotright victory and the overthrow of the Sandinista regime. Diplomatically (in dealings with the US Congress as well as with foreign powers) the policy was presented as one of maintain-ing pressure on the Sandinistas to accept a negotiated settle-ment allowing the Nicaraguan people a genuinely-free choice.

Demobilisation

Mr Bush can plausibly claim thet this latter objective has now been achieved, after the signing last Friday of an agree-ment on the modalities of next Fehruary's elections between the Sandinista government and 20 opposition parties.

That agreement includes a

call for the Contras' demohilisation - something the US may not have expected hut could hardly oppose. Neither President nor Congress would in any case have endorsed a resumption of military aid in

the present international cli-mate. Mr Bush had hoped to keep the Contras afloat until the elections with "humanitar-ian" aid (sanctioned by Congress with a cut-off date early next year), but even that will not be possible after Monday's Tela agreement: Honduras, host to the Contras' rear camps, has now accepted their compulsory demobilisation by December. Honduras may have benefited in terms of US financial aid from providing a safe base to the Contras; but their presence in the country has presence in the country has been de-stabilising.

Fresh climate

Washington's change of perception has permitted a radically different climate to permeate Central America, where the long-held view that Nicaragua is the key to a wider peace process can now be tested indeed, the summit of tha five central American leaders which has just ended in Tela was intended not only to push along the negotiating pro-cess in Nicaragua but also to deal with the conflict in El Sal-

This latter problem is more intractable, and indeed the Nicaraguan agreement was nearly scuppered by the attempt of El Salvador's President Cristiani to link the demobilisation of the Contras to a simultaneous disbanding of the leftwing FMLN guerrillas in his coun-

The two countries are different, and their civil wars are not precise mirror images of each other. Opponents of the Sandinistas have had to endure censorship, intimidation, petty restrictions, economic hardship and in some cases detention. Their Salvadorean counterparts have been exposed to a ruthless campaign of political murder. Even so Mr Rnben Zamora and other Salvadorean opposition leaders previously associated with the FMLN have had the courage to return to the country and resume non-violent politics. If Mr Cris-tiani and the Salvadorean armed forces could get them to call for the disbandment of the FMLN, as part of an agreement comparable to that reached in Nicaragua last Friday, the demand would surely carry

Fair play in the City

TEN PRINCIPLES have now been drafted by the Securities and investments Board to be placed at the top of its pro-posed three-tler regulatory structure for the conduct of investment business in the UK. The next layer of core rules has also heen provisionally drafted. Detailed third-tier rules will in due course follow from the SIB and various other supervisory hodies. All this will be subject, as is the SIB's custom, to a lengthy consultative process

Most of the principles can scarcely he faulted in what they say. Firms should observe high standards of integrity and fair dealing they must act with due skill, care and diligence, they must observe relevant codes and standards, and so forth. But grey areas remain, as can he found in Principle 7 on conflicts of interest. Where such conflicts cannot be avoided, a firm "should nevertheless take all reasonable steps . . . to ensure fair treatment to all its customers." Such sentiments inevitably must be looked at afresh in the wake of the Department of Trade Inspectors report on the County NatWest-Blue Arrow affair. Whatever its flaws, the report provided a remarkable snapshot of the state of business ethics in the City of London The wickurs showed a new don. The picture showed a par-ticular institution at a ticular institution at a particularly stressful period. It may not have been typical, but it cannot have been unique. And this was not a fringe operation, but one close to the centre of the City mainstream.

Practical relevance

It is not just a matter of cynicism, therefore, to ask whether statements of principle of this kind can have much practical relevance. The SIB claims that there is widespread interest among observers in other jurisdictions in its new principles-and-rules structure. and indeed it "warmly" invites comments on these proposals from overseas. But the observer from afar is bound to ask whether some more basic disciplines are required. It might look as though the British authorities, confronted with a wave of car thefts, were

responding by devising a new edition of the Highway Code. Remember that executives at County NatWest and Phillips & Drew repeatedly adopted mis-leading and deceptive prac-tices, and exposed their investment clients to serious risk of loss. Lawyers were used to give advice on whether schemes were within the letter of the legislation even though the spirit was clearly heing hroken. All concerned were offered very large financial rewards for expediting a deal in the face of considerable obstacles, which inevitably put pressure on them to cut corners. Can the SIB really expect its general principles to be observed unless at the same time it takes steps greatly to reduce the commercial pres-sures on individuals in the

Proper supervision

But there is another side to this, as is recognised in Princi-ple 10, which provides that firms must ensure that their staff are properly supervised, and that there are well-defined procedures to facilitate compliance with the regulatory sys-

tem.

The trouble is that the motivation of the in-house compliance officers has sometimes been unclear. The temptation is to assist executives to get around the rule-books rather than to protect the ultimate reputation and standards of the firm. This impression certainly came out of the County NatWest report. In dealing with their colleagues, compli-ance officers should not be

As for the question of overall supervision, it was to reinforce official views of the importance of this that the Bank of England made it clear that responsibility must be accepted on the National Westminster group board. All of the City'e regulators will now be taking care to ensure that the people at the top of financial services have adequate expertise as well as integrity. On this prin-ciple depends the credibility of all the other nine.

Integrity, fairness, diligence and honour are excellent characteristics upon which to build a sound financial industry, but the question is whether realistically there are enough senior individuals endowed with those virtues, and whether the culture encourages them. If not, then the only alternative

is the rule of law.

apanese politics have not traditionally been a spectator sport. But few Japanese politicians have been accorded such a critical and attentive public welcome as Mr Toshiki Kaifu, chosen yesterday as the third leader of the country's scandal-rocked ruling Liberal Democratic Party this year and certain to be enshrined today as the new Prime

The LDP has dominated Japanese politics in its present conservative manifestation for 34 years without ever really paying much overt attention to what the average Japanese actually thought. However it has now been struck by a abrupt fall in its public standing and a commensurate, if not necessarily enduring, rise in the public's estimation of the long irrelevant opposition parties.

want opposition parties.

What makes the current political situation unusually piquant are sharp differences of view within the party on the best way forward and the fact that for the first time in its experience the LDP will face strong opposition in the Diet (parliament). Following elections last month, a coalition of opposi-tion forces now has a majority in the

tion forces now has a majority in the upper house and is eager to frustrate any LDP initiatives, especially those aimed at winning votes.

Moreover, time is short. A general election for the infinitely more powerful lower house of the Diet must be held before next July. Unless the LDP can recover its public support, it is conceiveble that no party will be able to win a majority, which would really put the cat among tha pigeons. It is now legitimate, if sometimes fanciful, to speculate in Tokyo about the possibilities of both the LDP and the Japan Socialist Party (JSP), the largest opposition party, breaking up, leading to a realignment of the country's main realignment of the country's main political groupings.

Fortunately, all this upheaval is happening at a time when the Japa-nese economy is growing at a robust five per cent annual rate. There is as yet no sign of anxiety in Japanese business circles that the political turmoil could barm economic growth, although the recent weakening of the yen, which is imdoubtedly related to political developments, is already causing some prices to rise. On the other hand, analysts say there is a good chance that the suddenly votehungry politicians will promote fiscal policies in the next few months that would promote even higher growth. If, however, the turmoil persists, the current optimism could fade. "I

Mr Kaifu knows that if the LDP power-brokers tried to jettison him, they would look even more foolish than they do already

think the confusion will last for 10 years and become a heavy burden for the economy," predicts Mr Takayoshi Miyagawa, president of the Centre for Political Public Relations, an LDP

related research organisation.
For the moment, the hig question is whether Mr Kaifu, a minor figure in a small faction in the LDP, will be able to help the party save itself from the worst or will be just another stop gap puppet leader like his unfortunate predecessor, Mr Sousuke Uno, who lasted only two months.

At first glance, his chances of suc-cess would seem slim. He came to power as a result of the kind of backpower as a result of the kind of backroom manoeuvring within the party
that has contributed so much to its
umpopularity and he will, therefore,
have difficulty establishing himself as
the kind of clean, reformist leader
that the LDP knows it needs. He is
not aided by the fact that a few of the
power-brokers who organised his victory still yearn to become prime mintory still yearn to become prime min-

Ian Rodger assesses the tasks ahead for Japan's incoming prime minister, expected to take office today

Taking the wheel of an undriveable jalopy

ister themselves, and thus can be expected to try to pull him down when and if the party's fortunes start to improve. Moreover, while the party seems to have reached a consensus on the reasons for the collapse of its pop-ularity this year, wide differences remain on what to do about it, espe-

remain on what to do about it, especially when it comes to measures to stamp out corruption.

Many party leaders are hoping that the public's concern about corruption in the LDP will simply go away, as it has following scandals in the past, and that they can get away with a few cosmetic reforms and the presence of the clean Mr. Kaifu, Others, have a motha clean Mr Kaifu. Others have pro-posed a complete agenda of radical reforms, including limiting financial contributions to politicians, obliging politicians to publish details of their income sources and making changes in the electoral system aimed at eliminating the LDP's factional structure.

Mr Kaifu was a close aide of former prime minister Takeo Miki who introduced the structure of the s duced some reforms following the Lockheed scandal in the mid 1970s, and he is helieved personally to favour radical changes. However, he will have to step carefully or he could lose the support of the mainstream leaders or, worse, cause the party to

break up.
"This prime ministerial election is the first step in the LDP's change," Mr Kaifu said gamely yesterday. After we have done what we should do, I would like the people to judge the new LDP.

Despite the difficulties, he does have some things going for him. He will have a honeymoon of sorts for the next couple of months, knowing that if the LDP power-brokers tried to jettison him, they would look even more foolish than they do already. "The LDP has become like a second hand car that no one can drive," one commentator in Tokyo said yesterday. Also, in a way, the thin margin of his victory in the leadership vote yester-day helps him, as it indicates the strength of resentment in the party against the traditional flexing of fac-tional muscles behind the scenes.

Mr Kaifu's first task will be to negotiate the conduct of the Diet session, due to start in mid September, with the opposition parties. This promises to be extremely difficult, given the results of the upper house election and the differing priorities of the two sides. The opposition, having campaigned vigorously against the three per cent sales tax introduced in April, will want to introduce legislation immediately to abolish it. The LDP will mostly want to advance its politi-cal reform proposals, but just might also be forced into a volte face on indirect taxation. Both sides can be

expected use the Diet debates on these issues to appeal directly to vot-

The key factor in all political minds stable coalition.

its near term objective is only to be able to bring forward 200.

month's upper house election, which was to a large extent a protest against the LDP's corruption and unpopular policies. But the drift back to what has long been seen as the natural party of government and prosperity may be reduced by other trends in Japanese society — including rising affinence and the growing political consciousness of Japanese citizens, especially women. "Politics here are becoming a matter of the floating becoming a matter of the floating voter and the fashionable vote just like everywhere else," one Western diplomat in Tokyo said this week.

Despite its modest prospects, the JSP would probably like to fight a lower house election as soon as possible. Party leaders know that their sodden popularity is based largely on aversion to the LDP rather than on support for socialist values and virtues. They also dread having the public spotlight on their annual conference. ence in November when their left wing ideologues will be displaying their stuff, and they know that their quickly cobbled together coalition of minority parties may not remain unified for long

Most LDP members would probably prefer delaying going to the country for as long as possible, if for no other reason than that time will give the public greater opportunity to dwell on the consequences of electing an oppo-sition that has never seriously been

party leaders, unaccustomed to the cut and thrust of real parilamentary debates, will soon get frustrated this autumn and press for an early disso-

is the looming lower house election. If it were held today, and the pattern of the upper house election were repeated, the LDP would still be the largest party, with perhaps slightly fewer than 200 seats compared to its current 298. But that would leave it so for holes the accuracy of the compared to the current 298. But that would leave it so far below the 257 needed to form an absolute majority that it would have difficulty finding a minor party with enough seats to create a relatively

stable coalition.

The JSP, which now has 85 seats in the lower house, would make significant progress but it could not realistically aspire to attaining anything remotely close to a majority on its own. Indeed, it would be hard pressed to field any more than 130 candidates for a lower house election today and its near term objective is only to be

The electorate, moreover, is likely to behave differently in a lower house vote, whenever it is held, than in last

considered electable before.

However, there is a chance that the



lution. Some LDP Dietmen, including Mr Seiroku Kajiyama, the former min-ister of international trade and industry, even argue that the best thing for try, even argue that the best thing for the LDP would be to lose the election and let the public see what a mess the Socialists make of running the country. Then, they argue, the LDP would be back in power for another 30 years. This "laboratory theory" approach generally gets chort shrift. "We should be careful with such a simple idea as to pass power to the Socialists," Mr Tetsuhisa Matsuzuki, a for-

One expert believes that Japan's political confusion will last for a decade and become a heavy burden on the economy

mer LUP central office official, warned in a weekend magazine article. Those sharing this concern believe the LDP should hang on at least until late December when it can introduce a vote-winning annual bud-

They would however, be less keen

about going ahead with the Diet debate on the budget, which normally starts in late January. The budget debate provides an occasion when any subject can be raised, and the opposition, with its new power, would undoubtedly seize on it to discuss defence, farm protection, the role of the imperial family and other sensi-tive issues that would make the LDP. uncomfortable. Also, the LDP would, in the end, have to resort to its consti-tutional right as the majority group in the lower house to force the budget through the Diet, a move which would make it look arrogant.
In the end, even if the LDP does manage to retain its majority in the

lower house, it will still have to face

an unstable upper house for at least six years. Elections for half the seats in the upper house are held every three years and the LDP won an extraordinarily large number of seats in the 1986 election.

If all points to an unprecedentedly fluid situation in the next few months, if not years. It is difficult to predict when or if it will have an effect on Japan's domestic policies and its increasingly important role in the world.

On most questions, the country's highly professional bureaucracy will continue to set and implement policoininte set and impatibility that there are an increasing number of issues, such as the progress of the US-Japan security relationship or the delicate upcoming trade negotiations between the US and Japan on struc-tural barriers to trade, that cannot advance without political approval. And, in the current climate, no politi-cian is going to be willing to approve concessions that risk offending voters.

That may be inconvenient for Japan's partners in the world, but it would be churlish not to point out that the new circumstances have a remarkably healthy democratic look about them. The Diet, which has served a ritualistic function and has often been a superfluous institution in Japan's murky political processes up to now, seems about to become the lively centre of political activity. Japanese politicians, who have in the past bought votes rather than appeal for suddenly becoming acutely sensitive to public opinion.

And if Mr Kaifu has his way, these trends, which are almost revolutionary for Japan, will be encouraged. "I want to make the Diet a place where members can make their arguments and then the people will understand," he said in a statement following his victory yesterday. It is hard to think of a post-war Japanese Prime Minister who would have said this, and meant

Hope's rise to the top

■ Less than two months ago David Hope held a press conference at which he politely savaged some of the Govern-ment's proposals for the reform of the legal profession in Scot-land. Yet this week it was announced from No 10 Downing Street that he is to become Scotland's equivalent of England's Lord Chief Justice.

Also remarkable about Hope's elevation to the posts of Lord Justice General and Lord President of the Court of Session is that he leaps at one bound from being a QC to becoming Scotland's most senior judge — over the heads of a number of other judges who might have hoped for pre-ferment. This has never happened before.

Hope, now 51, is currently Dean of the Faculty of Advo-cates, a post for which there is no equivalent in England. It entails both speaking for the 240-strong Scottish bar, and disciplining its members. He is a small, owlish-looking man with large spectacles and

something of the clinical manner of a Harley Street consul-tant. But he is widely regarded as the most brilliant advocate of his generation. In recent months, his energy

has been devoted largely to fighting the Government's pro-posals. Because solicitors in Scotland already have far wider rights of audience than their English equivalents, the Government's ideas for Scotland are less sweeping than those for England, but still

The Scottish advocates' opposition has been skilful and measured, unlike that of their colleagues in London - a fact that Hope himself has publicly pointed out. Though Hope once used the word "odious" when talking of the idea of partnerships of barristers he has always remained icily calm, and relied on argument rather than emotion, much of it deployed in discreet lobby-

OBSERVER

ing. The Government will not reply for another few weeks. Lord Mackay, the Lord Chan-cellor, who incidentally has no formal power over the Scot-tish legal system, is no doubt proud of him. Hope was once his pupil.

Strange birth

There must be something behind this announcement in the births column of yester-day's Times: "Deekay - Mr and Mrs T Deekay are pleased to announce the arrival of their new babies: Henrietta Sophia (HS), Edward Harry Graham (E-HG), Hildegarde Fifi (Hi-Fi) and Harvey Daniel Xerxes Proctor (HDX-Pro)." Cassettes

Poor German

■ The dominance of English in world commerce is having a strange effect on the German language. This week Carl Hahn, the chief executive of Volkswagen, used the word "Packetierung" to refer to the extras now being supplied in VW cars at no additional cost. He also spoke of "Allokierung" for allocation.

Hahn may have some excuse. He has worked in the US and has an American wife. Less so, Helmut Maucher, the German-born head of Nestle. When Mancher spoke to jour-nalists in Frankfurt recently about the company's prospects, he came out with "die Essen-tials", "das Backbone", "diese Sweeping Statements". "die Financial Gains" and "Das Management by Opportuni-ties". He excelled himself with "Das Free Flow of Capital, People, and Everything" to describe the current business



"Not many people would guess I'm wearing Batman sock suspenders"

Tory tricks ■ Norway's unemployment is described as "soaring" even

in our own pages — at all of four per cent. The opposition Conservative Party is trying to take advantage of it by playing on the theme of "Labour isn't working", much as the British Torles did in

1979. The trouble is that the unemployed are hard to find. even unemployed Norwegian actors. Thus the advertising agencies are falling back on the Swedes (unemployment 1.6 per cent). A visitor to Stockholm's Bromme airport found people being offered SKr200 (£19) to act as extras.

Pride of place in several shots went to a £50,000 a year British computer consultant, who came upon the photographers while inspecting the private planes for sale at the airport. His Swedish girl friend was also put into the dole queue, with an old coat to cover her miniskirt.

Some party

■ Peter Linacre, the former was cleared by DTI inspectors in June after a 19-month inquiry into possible insider dealing, celebrated the event on Monday with a dinner in

the City.

Linacre has never denied dealing in shares of Grand Central Investment Holdings on his own account and mak-ing a profit. At the dinner, he was toasted for having escaped after being caught "going 31 mph in a 30 mph zone." His guests included loyal fund managers who followed him into the Caird Group, the former property investment company which he has trans-formed into one of Britain'e leading waste disposal opera-tors, as well as the cream of building and waste disposal

Egg throwing ■ Grateful to those readers

who have telephoned to say that you do not have to be an Australian test bowler, let alone an F R Spofforth, to throw a newly-laid egg 50 yards without it breaking. It is a fevourite sport of air forces around the world, as well as the aerospace industry.

It has to do with the aerodynamics of an egg - perfectly shaped like a missile - and also the engineering structure. The egg will nearly always land on its pointed end, which is where it can take most stress. Sometimes after aerospace dinner parties people go out and throw eggs over the top of the house. Provided they land on a lawn, the break-age rate is no more than one

Right man

in six. Or so we're told.

Observer has yet to try it.

■ The export manager of the Cotswold Pig Development Company is called Tony Suck-

Property Management?

The Answer...



45 Berkeley Square London W1X 5DB 01-408 1010

Robin Pauley on the first anniversary of the pro-democracy movement in Burma

A bloody year of repression

ne year ago today Bur-mese soldiers opened fire in Rangoon and killed hundreds of people-demonstrating in favour of democracy. In the six weeks that followed, the Burmese people staged a mass and largely spontaneous revolt which was brutally crushed. At

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least 3,000 people were killed.
In the year that has elapsed,
momentous change has started
in Indo-China with Vietnam, Kampuchea and Laos all looking for ways to live more peacefully and to gain financial and economic support from more developed countries. Not Burna. The land where time stood still for a quarter of a century after a military coup in 1962 has spent the past year marching resolutely back-wards. What was once Asia's rice bowl is now so destitute it

is importing food:
Today a group of 72 young
members of the National
League for Democracy, the
leading opposition party, is on hunger strike in the capital in remembrance of demonstrators killed by the army a year ago in the aftermath of a general strike which started on August:

Their leader, Ms Aung San Sun Kyi is also on hunger strike in protest at being held under house arrest rather than in prison with her colleagues. They are charged with unspecified political offences. But in reality they were getting too vocal, too organised and too

popular again. Her British husband, Mr Michael Aris, an Oxford don, visited her and was immediately put under the same restrictions. He was denied any contact with any foreign diplo-mats, about which the British Foreign Office has protested hut to no avail. His visa expired on Saturday and it is not yet clear whether it has been extended or whether the Burmese have decided to pre-

vent him leaving. In short, the authorities are back to their old ways of per-sonal and political repression. Indeed, it seems likely that they never left them behind. There have been odd moments during the peet year when the during the past year when the faint possibility of real change appeared only to vanish again

like a mirage. On August 8 läst year, tens of thousands of people massed in Rangoon in what was then the largest protest against the 26 years of authoritarian rule under U Na Win. The following day hundreds were shot dead in indiscriminate firing by the army. The protests continued hut were finally crushed when General Saw Maung took over power on September 18 with bundreds more dying as mar-

tial law was imposed.

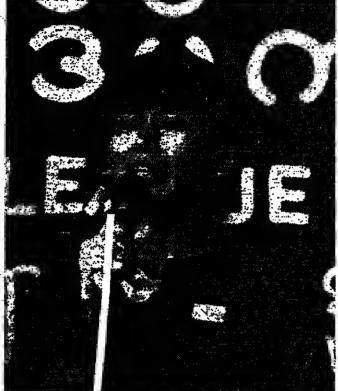
What has happened during the past year has been a charade by U Ne Win to reassert. his grip on the country while trying to fool potential aid donors in the west that political and economic reform is under way. The main donors, the US, West Germany, Japan and Britain have not been fooled and aid remains largely suspended.

The entire country is still under martial law. Military tri-bunals have been set up in Rangoon to try offenders who break the martial law rules like failing to observe the curfew or being in a street gathering of more than four people. The minimum sentence is three years hard labour. The only alternative sentences are life imprisonment or death. There is no defence procedure and no witnesses need he called. There is no appeal against the death sentence which is carried out when the local military commander signs the chit.

Nevertheless, people are angry and are ont on the streets again although not in big groups and not yet in dem-onstrations. The political tem-perature is rising as the string of anniversaries of last August's events approaches and an increasing number of troops is on the capital's

streets.
The npheavals began in March last year, continuing in June and July. Rurna's edu-cated classes, led by students, rioted and demonstrated in Rangoon and provincial towns about the economic ruin wreaked on their resource-rich and fertile country in 26 years of isolationist mismanagement by the Burma Socialist Programme party.

Rampant corruption, one of the world's nastiest secret police and informer networks and black marketeering comand black marketeering com-bined to bring the country to-its knees, By 1996 per capita GNP was \$200 a year. In 1997 Burma, once the largest rice exporter in Asia, suffered the ignominy of being classified a least developed nation by the United Nations putting it in the company of Ethiopia and country from elections prom-



Aung San Suu Kyi: biggest opposition threat to the military

24 to 21.

ised for next year, perhaps to May. It also carefully lays

down 18 as the minimum vot-ing age and reduces the mini-

mum age for candidates from

But this announcement failed to mention how long it

would take to transfer power to any elected representatives, and there is nothing to it to stop Ne Win and his cliqua

from running the country for as long as they choose. The election rules will ban

from taking part individuals

having allegiance to foreign powers, members of parties

who receive financial support from foreign organisations and people with links to Burma's

rebel insurgents. This week the military rulers said they would issue special "citizenship certif-

icates" to all people deemed eli-

gible to vote in the general

The Government imposes

highly restrictive citizenship rules which exclude many of

the country's Indian and Chi-

nese from full citizenship

rights. Certificates would be denied to "insurgents". Ethnic

groups such as the Karen and the Kachin have long been

On July 25 1988 Ne Win pre-tended to buckle to popular pressure and resigned only to be replaced by retired army general Sein Lwin, one of the country's most unpopular men and the man who had led tha brutal suppression of the student demonstrations. He was replaced by Maung Maung after 19 days of terror in which more than 3,000 people died.
Maung Maung was himself
quickly supplanted by General
Saw Maung at the head of an
entirely military regime after a
bloodbath in Rangoon during
which unarmed students were
mown down by sumfire to the

The names of these successive leaders are irrelevant. All are acolytes of Ne Win who continues to rule from behind the throne and who has issued a barrage of directives during the past year about elections and democracy which have

mown down by gunfire to the

thus far proved worthless.

For example, in March this year the government announced a draft election law theoretically barring military

fighting for autonomy and it is not clear how it will be decided which non-Burman groups will be "insurgent." Probably, they all will.

More than 200 parties have formed to contest the elections but it is Ms Suu Kyt's NLD which is the largest, most organised and the most likely to give Ne Win's men a scare in any half-straight contest. It is the NLD which the Government is therefore currently try. ment is therefore currently try-ing to discredit and silence.

Ms Sun Kyi and her chair-

man, Tin Oo have been under house arrest since July 20 and of the bundreds of their supporters arrested at least 40 are estimated by Amnesty Interna-tional to be still locked up.

At the weekend the cam-paign to discredit Ms Sno Kyi paign to discredit Ms Sno Kyi was stepped up when Brigadier General Khin Nyunt, head of military intelligence, said — in a six hour, stage-managed pre-sentation — she had been used by the outlawed Communist Party of Burma and that her party had been infiltrated by

"The timely arrests of over 100 underground elements have foiled the Communist grand strategy and saved the country from a bloodbath. The revelations today are not com-plete yet. It is only to prove the Communist involvement to the sceptics. Investigations will

continue," he said.

Diplomats in Rangoon have long said privately that they expect a Communist smear against the NLD but they are against the NLD but they are sure that last year's demon-strations reflected genuine public anger against the gov-ernment and were not prompted by Communist gents.

The pressure is on. It is still not certain whether any elec-tions, real or pretend, will be held. But the government is moving to neutralise signs of an effective opposition. The population is cowed, the army having sweeping powers of control under martial law and the secret police being well organised again. But there is clearly widespread loathing of the regime, which has to become ever more repressive

to keep control.

Last August was a bloody and tumultuous month; the government's recent actions suggest that it is far from confident that the anniversary will not stir up a more violent response than the hunger strikes already under way. Disposing of wastes

Time to exploit economies of scale

By Anthony Bradshaw and Helen Finch

he continuing row about waste disposal in Britain is conducted as if wastes were something that if we shouted loud enough, would go away. Unfortunately they will not. Every person in the United Kingdom is respon-sible each year for the genera-tion of 350kg of domestic refuse. (Hazardous chemicals and similar wastes are a separate rather restricted problem.) Because of these vast amounts, the options for the disposal of domestic waste are limited. Incineration and recycling are difficult and sur-

prisingly expensive: incinera-tion costs £11.62 a tonne; recycling costs £8.78 a tonne. Sanitary landfill, the controlled disposal of waste to land, is much cheaper - £2.05 a tonne in the public sector and £3.99 a tonne in the private sector. Unless we are prepared to pay more, it is therefore unavoid-

But it does have its prob-lems. Sir Hugh Rossi, Chair-man of the House of Commons standing committee on the environment, is certainly cor-rect when he states that waste disposal must be carried out by operations that are safe and acceptable to the local commu-nity. However, this is not enough. There is no reason why wastes should not be managed in a way so as to provide positive, rather than oegative,

economic and social henefits.

The dangers and problems of these sites cannot be dismissed. In the last three decades the organic fraction of domestic refuse has more than doubled. It is now about 60 per

Decomposition of this fraction leads to instability of the waste and the generation of by-products, methane and leachate, which were uncom-mon previously. These prevent much subsequent development of the land. In addition, the operations, when hadly run, are extremely unsightly. All this leads the public to think, perhaps rightly, that waste disposal is a ghastly husiness. Real benefits can, however,

be accrued from waste disposal. The term landfill derives from the practice of merely filling unwanted holes in the ground. Yet in properly

planned, large sites lt is possihie to create whole new land-scapes, which can provide real benefits to their surroundings, for example the "ruhbish mountains" of West Germany.

At such sites the methane can most readily be collected and exploited as a source of energy. Leachate will drain and can he collected above ground, thus reducing the risk of ground and surface water pollution. To a lesser extent, carbon dioxide can be used for enrichment of the atmosphere in glasshouse crop production.

More importantly, using modern land reclamation techniques, eppropriate landscape design and management can quickly create attractive and productive landscapes. Agricul-ture, forestry and leisure ame-nities are all possible; there are exciting examples of all three.

Fewer, better waste disposal sites could provide lower costs and final landscapes of lasting value

All this requires, however, imaginative forethought and a willingness by planners and the public to understand, accept and encourage such development. The time has come to raise the overall standards of disposal so we can live with waste. Our studies at the University of Liverpool on the design and operation of waste disposal sites in the UK, sug-gest that better environmental performance at lower costs can be achieved through making use of economies of scale, in two ways.

First, hy concentrating waste management operations in fewer hut larger sites, with a longer period of use, Second, by taking the greatest possible advantage of the capacity of these areas by huilding them up as much as possible.
Achieving these economies

of scale could be achieved if planning authorities give per-mission for waste disposal to be carried out only in sites with considerable long-term potential; and if they require the construction of rubbish mountains, creatively and promptly landscaped. In many areas there would be no immediate need to find new disposal sites, nor to create the artifi-cial top-hat landscapes particularly noticcable aloogside the M25 motorway around Lon-

If these steps are taken others can follow to create an eovironmentally benign opera-

 Spending more on providing better barriers at site bound-

 Establishing better planned waste transportation and site access for these less transient

operations
Constructing better landforms to allow for settlement
as the waste decomposes Planting of vegetation to soften and hide operations
 Iostalling full facilities to control and collect methane
Sctting up appropriate
treatment plants for dealing

with any leachates

Restoring areas of the site as soon as they are completed.

Britain should learn from the inadequacies of the past, when waste disposal took place indiscriminately on a large number of small sites. That left the UK with a legacy of scattered environmental problems. Instead, by developing a num-

ber of highly organised sites, the best technology and most effective management can be concentrated to provide not only a more economic solution to waste disposal, but also better environmental protection and final landscapes of lasting value

Such an approach is being advocated by the hest waste managers, but their innovation is hampered by "not in my backyard" opposition from local residents, stimulated quite understandably by past bad practice. The new approach can happen if planars and the mubic are shown ners and the public are shown, and understand, what can be done, as well as what should never have been allowed to

Anthony Bradshaw is Professor of Botany at the University of Liverpool. Helen Finch is a postgraduate student there.

LETTERS

arts investment

From Mr Gruham Hischen.
Sir, it was reassuring to read in your editorial, "An arts policy in disarray" (August 4), concern about the future of the arts, and a call on the UK Government to "announce a realistic arts budget this autumn."

But to suggest that the arts

are a "drain on the Treasury," even if a negligible one, is misleading. For a measly one quarter of I per cent of public spending (a tenth of the return to the Government from privatisation proceeds) the arts bring enormous wealth financial and cultural — to the UK. It is estimated that the arts have an annual turnover of £1.5bn, employing 450,000 people and attracting audiences in the region of 250m. Four out of every 10 overseas visitors cite the arts and museums as their main reason for

coming to Britain.

Most important, however, is the cultural well-being inspired by the arts in this country. The arts have as great a contribu-tion to make towards the qualtion to make towards the quality of life as the environmental issues which have moved firmly onto the political agendas. But the quality seen and heard in theatres, concert halls, arts centres and galleries around Britain can only survive if proper levels of public funding are provided.

Graham Hitchen,

National Campaign for the Arts, Francis House, Francis Street, SW1

Jungle heat

From Mr S.E. Scammell. Sir, Those who condemn the commercial use in Downing Street of tropical hardwoods as contributing to the green-house effect" have (no disrespect to Mrs Thatcher is intended) tha wrong sow by

How long it will be before seedlings and saplings permit another crop to be taken depends on the species and conditions. The factor relevant to the greenhouse effect is loss of leaf-surface per acre. When mature hardwoods are felled in tropical or sub-tropical forest this loss is negligible — and in any case is made up in two to three years. S.E. Scammell,

Clouds Estate, East Knoyle, Salisbury, Wiltshire

Return on UK 'Able and willing talent'

From Sir John Harvey Jones.

Sir, Thank you for continuing to highlight the growing shortage of young people wishing to study engineering. The problem is exacerbated by the tendency of trained engineers to follow careers which do not willise the skills they have so ntilise the skills they have so

painfully acquired.

Moreover, once they are away from the engineering atream they find it difficult to re-enter, or to obtain relevant

updating from centree of higher education.

The demographic problems facing industry, at a time of increased competition from abroad, are widely recognised by business leaders. The only solutions lie in better and more relevant use of those who have received their basic qualifica-

It is all the more surprising, therefore, that when imagina-tive schemes are introduced, enabling qualified engineers to return to their calling, such difficulty is experienced in

obtaining positions for them. Bradford University is cur-rently running a one year master's degree course for women wishing to return to industrial careers, which received back-ing from the Training Agency. We find no difficulty in attracting able and enthusiastic women science and engineering graduates. Why is it, there-fore, that we have such diffi-culty in finding employers

with the enlightened self-inter-est to take these women, who have already shown their abilihave already shown their abin-ties in industrial jobs?

There is a pretty dull out-look for the desperately impor-tant revival of our industrial base if we can afford to disre-gard able and willing talent. Is it because men managers are it because men managers are still, at heart, frightened of competition from the opposite sex? Or because — in true Brit-ish fashion — they believe "something will turn up"? John Harvey-Jones. Chancellor, University of

senses the enormity of its

I wonder: will future genera-

tions be so forgiving when they try to clean up after us?

From Mr David Ross.
Sir, I sympathise with Martin Wolf's account of his prob-

lems with litter and transport

("Disgusted of Dulwich," August 5). However, it is possi-ble that he may be among those of us who are largely

insulated from the problems caused by the national effort to

resist inflation.

We are not damaged by reductions in local authority

expenditure on housing, meals on wheels and other social ser-

vices and economies in state expenditure on the National

Health Service and education.

It is primarily in litter and on

the railwaye that financial

orthodoxy is to be encountered. Should not such people welcome the opportunity of contributing to the strength of

David Ross, 55 Ruskin Park House, Champion Hill, SE5

Adam Davies,

Larlingsbacken 6, 126 57 Hagersten,

Evidence to disgust and disgrace sets to work, I wonder if he feels proud of his Govern-ment's record - or whether he

From Mr Adam Davies.
Sir, Living and working in
Stockholm, I visit the UK two
or three times a year. Each
time I am struck by the state of
Britain's environment. Everywhere one sees signs of mis-management and irresponsibil-ity: waste, neglect and low

standards.

Illegal tips; overflowing landfill sites where toxins (for example, mercury from batteries) are buried — but not laid to rest - in shallow graves; a litter-strewn country. side; millions of newspapers, millions of bottles, millions of (energy consuming) aluminium cans; toilet paper; rivers of powerful bleach which we merrily pour down our drains to join the half-treated and raw sewage dumped in the sea; trafsewage dimped in the sea, training jams, foul air, more motor-ways and still more traffic; dirty trains, decaying buildings and filthy streets where no growing child can believe that the authorities really cara

the authorities really care about the environment.

One of the many humbling experiences of living in Sweden was overhearing a (drunk) Swedish lorry driver on a North Sea ferry say: "Britain? Huh, what a country! They can't even organise litter hins at lay-bys!"

As our bright new Secretary As our bright new Secretary

of State for the Environment

disclosure From Miss Helena Wiesner. Sir, Mr Brendan Glennon's

Commissions

letter on commissions disclo-sure (July 25) illustrates all too well the hit-and-miss nature of

commission-based system. He says that many intermediaries will not know, at the point of sale, how much com-mission they will receive. If so, the sooner a clearer commissions structure emerges, with companies publishing their rates (and perhaps logging them with Lantro, the life assurance and unit trust regulatory organisation), the better for all concerned.
Such a central register

would also meet Mr Glennon's concern about lack of a yard-stick. Comparisons would not be simple — but the fact that not all consumers will want the information is no reason for denying it to those who do.
Again, it may be true that information on charges and expenses will only be available after the sale. But that is no reason to delay passing on information on what the advice element costs. Mr Glennon says that consumers have a chance to cancel when the "cooling-off" notice is issued, but does he really think that backing out of a contract is an efficient way of doing busi-

Independent advice does not come without cost. Helena Wiesner, Consumers' Association, 2 Marylebone Road, NW1

Costs of the MFA

From Mrs Eileen Polgreen. Sir, Mr Allan Nightingale's protest at removing protection-ist policies before others remove theirs (July 28) is just the same old chestnut brought out every time a relaxation of the Multi-Fibre Arrangement (MFA) is mentioned. This 15-year-old "temporary"

breathing space for tha textile industry to adjust to overseas competition costs aach UK family £240 (1985 prices). Of course Mr Nightingale is for it, it increases textile industry income and profits at consumer expense — most especially at the expense of lower income families. Eileen Polgreen,

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FINANCIAL TIMES

Wednesday August 9 1989



Poor air traffic control 'cost Europe \$4bn'

By Paul Abrahama

INEFFICIENT air traffic control systems cost European airlines and passengers \$4bn last year, concludes a report issued this week by the German Airspace Users Associa-

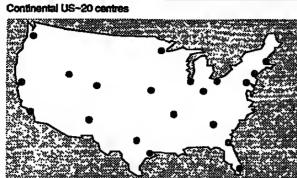
It says delays caused by air traffic difficulties exceeded 330,000 bours in Europe and itwarns that the situation is likely to deteriorate further unless measures are taken soon to rectify the situation.

Passenger volumes were expected to double by the year 2000.

Air traffic delays cost airlines \$970m a year in extra operating costs, the report says. It values the time lost by businessmen and bolidaymakers at \$540m

Unnecessary costs are also generated by the extra distances aircraft fly because of poorly organised airspace, and what the report defines as excessive military airspace allocations. It points out that inefficient routing means that a typical European flight is 10 per cent longer than necessary. Between Brussels and Zurich the distance flown is 45 per cent longer than necessary.

En route air traffic control centres



ECAC Europe-44 centres

The cost to airlines of such inefficient routing is estimated by the association to be \$1.27bn. It values the extra time spent in the air by passen-gers at \$510m. A further \$650m is added to the cost of flying in Europe by unco-ordinated air traffic control, which forces aircraft to travel at inefficient

The report blames most flight delays on bad use of air-

space. There are 22 national systems in Europe and 44 air traffic control cantres, com-pared with 20 in the US. In addition, many centres use different technologies and proce-

As an interim solution, the report recommends harmonisa-tion of existing air traffic control systems. At present, most of the computers used are unable to communicate fully

with each other. Some \$1bn-\$2bn would need to be spent on new computer and radar systems, enabling peak-time capacity of air traffic control systems to be doubled and requirements to be met until the end of the century.

In the longer term, the report recommends a single integrated air traffic control system for Europe. It estimates this would cost \$5bn-\$10bn, but

that it could save virtually all the expense of present air traf-fic control delays.

It also proposes that the European Community should establish standards for air trafestablish standards for air traffic control operations, data transfer, controller qualifications and the procurement of equipment by the middle of next year. European countries not in the EC would be encouraged to adopt the new standards. Finally, a pan-European air traffic control organisation should be set up to have responsibility for the measures raquired for an integrated European system.

However, even if the report's

European system.

However, even if the report's recommendations are implemented, holidaymakers and businessmen may not find they spend less time in airports.

In the US, in spite of an advanced air traffic control system, air traffic delays are estimated by the Federal Aviation Authority to cost \$50n a year. Most of the delays are caused by lack of runway capacity – an issua Europe will have to address once it has

will have to address once it has solved its air traffic control dif-ficulties.

Cuba cigar deal goes up in smoke

Frank Gray on a row between Cubatabaco and its elite retailer

MOKERS of quality cigars in Europe are awaiting the outcome of a row between Cuhatabaco, the Cuban state cigar producer, and Davidoff International, the prestigious Swiss-based cigar

and tobacco retailer.

The long-simmering dispute boiled over recently when Cubatabaco criticised Davidoff's exclusive distribution system and said the company was charging too much for its cigars. It threatened to stop shipments to Davidoff of the Swiss group's top marque Chateau brands, although Davidoff's other marques would not be affected.
Its decision to attack one of

its most respected customers brings into the open one of the worst-kept secrets in the trade. It also prompted Davidoff to condemn Cubatabaco publicly for producing cigars of incon-sistent quality and of misrepre-senting Davidoff's commercial

objectives.
Dr Ernst Schneider, who octogenerian, said Cubatabaco had been providing it with low quality cigars for three years. Davidoff bad decided to stop handling any more Chateau cigars anyway until the problem was put right. He said 131,000 cigars had been incinerated, 93,000 were unsellable and were oow in storage and 120,000 could be smoked but did not merit the Davidoff

As a result, existing stocks of Davidoff hand-made cigars bearing the names of such top French wines as Margaux, Lafite. Latour and Dom Perignon approach to marketing in are fast-becoming a premium item in Europe.
"Since news of the crisis

became public, we have never

Iran plan for

freeing assets

rejected in US

to Lebanon. He said they were

likely to have been taken out of harm's way "given their

of harm's way "given their value to their captors."

Meanwblle, Mr Marrack Goulding, the UN special envoy concerned with the hostages issue, last night headed back to New York after meeting Mr Yitzhak Rabin, the Israeli Defence Minister, Mr Binyamin Netanyahn, the Depo-

Binyamin Netanyahn, the Dep-uty Foreign Minister, and Mr

William Brown, the US Ambas-

In what could be an uncon-

nected incident, Israeli troops yesterday shot dead an armed

nan – apparently a Jordanian

soldier - wbo wounded an

American woman and beld an

Israeli woman soldier hostage for three hours on a kibbutz in

a rare attack across the Jorda-

WORLD WEATHER

sador in Israel.

nian border.

Continued from Page 1



Cigar smoking has become even more expensive

They are now in short supply," Dr Schneider said.
Dr Schneider said Cuban criticism was akin to the pot calling the kettle black. The Cuban Cohiba cigar, the state-Zino Davidoff, the now-retired brand created by Fidel Castro and Ché Guevara in the 1960s, was now being aggressively sold in Europe at prices 20-30 per cent higher than those of Davidoff, he said. In London, Cohiba Lanceros are selling at more than £200 per box of 25. Dr Schneider said he hoped

the Cubans would take steps to restore quality control. "Of course, the Cubans need hard currency and we believe they need us. For us, it is a chal-

lenge."
The dispute reflects the Cuban Government's desire to develop a more "hands-on" Europe in preparation for the rationalisation of the European Community's market in 1992. Many cigar smokers hope 1992 sold so many Chatean cigars. will see more uniformity in pricing - good Havanas in Spain cost about half as much as they do in Britain.

Western Europe takes most of the country's 80m exported cigars. Spain is the biggest cli-ent, with imports of 30m. The high-priced UK market takes 5m hand-made cigars a year. Under Cubatabaco's strat-

egy, it has set up a network of its own importing companies to control Cuban brands, of which their are more than 20, and the frequent violations by European companies of the "Made in Cuba" imprimatur.

Many in the trade believe this is just a smokescreen for a more unsettling programme to cut out middlemen and maximise hard-currency earnings from the cigar trade. Such moves are causing anxiety among Europe's more traditional retailers.

Dr Schneider pointed out that Cubatabaco, whose man-

Padron, recently tried to take over Davidoff. The bid was refused, not least because Davirefused, not least because Davidoff, with 24 retail ontlets round the world, is expanding in the US. Because of the continuing US trade embargo against Cuba, Davidoff employs no Cuban nationals. He suggested the rebuff was an element in the dispute

element in the dispute. Cubatabaco, however, was successful earlier this year in buying out Knight Brothers, a century-old UK family concern century-old UK family concern whose proprietor, Mr Peter Knight, stays on as president of the newly constituted company, Knight Brothers Cigar Shippers. The Cuban parent is Swiss-based. Mr Knight declined to disclose the sale

Until the takeover, Knight had been sole importers of Romeo y Julieta cigars, but it has now taken over all imports for Joseph Samnel, an even older trading company. Joseph Samuel must now go through Knight before distributing what it once imported directly, such as Le Hoyo de Monterrey, Bolivar, Partagas, Punch and Rafael Gonzalez.

Mr Knight said: "The Cubans wanted to be in the marketplace in each country, and they made it clear they were determined to come to the UK. They made us an attractive offer and we decided to accent it."

The Cubatabaco move in the UK is also causing concern at Hunters & Frankau and Dunhill, the two other main UK importers. Hunters has exclusive UK rights to Davidoff, its arch rival Cohiba and the popular Montecristo. Dumhill has just completed an expensive marketing drive to relaunch its own famous brand of Havanas with an eye on the potential, but so far embargoed, US mar-

Britain and **Argentina** to hold direct talks

By Gary Mead in Buenos Aires and Andrew Marshall in London

BRITAIN and Argentina are due to hold direct talks next week, the first such meeting in four years, according to diplo-

The dates for the meeting are not precise but are set for August 16-17. It will be held in New York under the auspless of the UN. This is regarded as the first cautious step towards renewing diplomatic and other relations, broken since the Falklands conflict in 1982.

The meeting, which is not due to have a formal agenda, is regarded as a preliminary session to discuss what to place on a formal agenda for a second meeting, tentatively fixed for September-October. Sir Crispin Tickell, British ssador to the UN, and Mr Incio Garcia Del Solar, a senior Argentine diplomat, will be the main participants. In line with its policy of avolding comment on talks, the Foreign Office yesterday still refused to give any indica-

tion when, or even whether, the meeting would take place. While no formal agenda is fixed, the ground work has already been laid by various highly publicised moves on the Argentine side and much cautious diplomatic work by the British. The two sides are already in direct communication in New York, no longer resorting to the previously used intermediaries of the US.

similar function in Bnenos Aires). Last week Mr Domingo Cav-allo, Argentina's Foreign Min-ister, announced the lifting of trade sauctions against British goods, a move which was formally welcomed by the For-eign Office. Britain removed a similar sanction against

Brazil (which oversees Argen-

tine interests in London) or Switzerland (which performs a

Argentine trade in 1985. Britain is keen to see Argenting end its formal state of hostilities against Britain, which has continued since the brief Falklands conflict of

April-June 1982. Argentina's President Carlos Menam has given contradic-tory signals about what pre-cisely he hopes to achieve from the resumption of direct talks.

Both he and Mr Cavallo have said they are prepared to place the issue of sovereignty over the Falklands "under an umbrella," although at the same time they deny that they have any intention of relinquishing Argentina's long-standing claims to sovereignty over the islands. Mrs Margaret Thatcher, Britain's Prime Minister, has repeatedly stated that sovereignty is not a matter for negotiation.

aging director is Francisco

Foreign investment spurs rise in W German capital account

By Andrew Fisher in Frankfurt

WEST GERMANY showed its first sizeable surplus on long-term capital account for more than two years in June as foreign investors sent funds back into the country after the repeal of the controversial withholding tax on interest

Latest figures from the Bundesbank showed that foreigners bought DM5.3bn (\$2.8bn) of German securities in that month, of which DM3.6bn was in fixed interest investment and DM1.5bn in shares. Domestic purchases of foreign securities amounted to DM2.4bn. This net inflow of DM2.9bn into German securities compared with a net outflow of DM6.7bn in the same month of last year.

30 66 C-Cloudy Dr-Ortzzie F-Patr Fg-Fog H-Hall St-Rain 31 65 S-Sun St-Steet Sn-Snow 7-Thunder

In May, just after it had been announced that the tax was being dropped from July, the

inflow was DM470m.

Non-German investors have also been influenced by the strong profits performance of German companies, with the German stock market rising sharply in recent months.

After allowing for the size of German direct investment abroad (a net DM2.7bn) and capital imports by banks (DML8bn), the long-term capi-tal account showed a surplus

of DM1.70m.

This total compared with just DM68m in May and a deficit of DM11.3bn in June, 1988. In the whole of the first half, the deficit dropped to DM32.7bn (DM49.9bn).

Amplifying on the current account figures released last Friday, the Bundesbank said that the increased June surplus of DM10bn also repre-sented a rise in seasonally adjusted terms. On this basis, the first six months showed a surplus of more than DM56bn against DM43bn in the second half of 1988.

On the trade side, the June surplus was DM13.9bm, with a first half figure of DM70.3bm. Imports rose at a faster rate of 23 per cent than exports (13 per cent), even when adjusting for more working days in June.

During the second quarter, exports rose by a seasonally adjusted 2 per cent on the first quarter, while imports were 6

Goldsmith launches formal BAT bid

personal gain."
In London, analysts were still digesting the 74-page offer document, with a further 86 densely-printed pages listing details. The publication made little impression on the BAT share price which eased 1p to 847p - against below the 874p a share which Hoylake claims its offer is worth.

The Goldsmlth/Hoylake arguments rest on the contention that "BAT's urge to conglomerate has diverted its attention from the traditional core business, tobacco" in

favour of ill-conceived diversi-fication.

The document launched a fierce attack on the tobacco divsion's record, claiming that "if BAT had run its tobacco business as well as Philip Mor-ris and had achieved the same rate of growth, BAT's profits from tobacco alone would be greater today than those of the entire BAT diversified con-

Sir James was quick to defend the structure of the Hoylake offer, which allows shareholders to exchange their any further share purchases

BAT shares for two types of Hoylake paper plus shares in Anglo, an existing quoted company. Angio will own 75 per cent of Hoylake if the current

offer is fully successful.

However, BAT speedily attacked the Hoylake paper as being of "dubious value." Its advisers are still questioning the value put on the offer by the bidder with the Takeover Panel, the UK watchdog on bids and deals. In the meantime, Hoylake is understood to have agreed to refrain from

Round two in the phoney war

In the broad sense, Hoylake's formal offer for BAT leaves the formal offer for BAT leaves the market not much the wiser. The logic of BAT's structure and strategy is called into question, but it was in question already; and though some extra detail is given on the nature of the junk instruments being offered, there is nothing on the central question of how a market is to be made in them.

This is not to deny that the attack on BAT's record is damattack on BAT's record is damaging, even if it is selective in the traditional way. The time-consuming nature of BAT's diversification is pointed up by the catalogue of disaster in retailing; while the claim that the tobacco interests have been neglected is illustrated by the observation that Philip Morris's tobacco profits, about the sama as BAT's ten years ago, are now bigger than the profits from BAT as a whole.

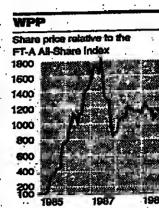
But against all that is the continuing air of unreality about the bid in its present form. If, as the Goldsmith camp argues, the junk will be short-lived and of high quality, it is odd that it is to yield 5% percentage points over Libor. It

percentage points over Libor. It is also now clear that the bonds are not to be registered with the SEC; this seems to mean that their only access to mean that their only access to the US market would be through private placings with big institutions, at a suitable discount to reflect the lack of liquidity. It is hard to see liquidity being created anywhere else; such an issue has no appeal to Eurobond investors, and in the UK would swamp the market.

Then again, the bidders'

Then again, the bidders' ingenuity is doubtless not yet exhausted. There is talk, for instance, of devising a novel form of underwriting for the bonds which would incur fees only if the bid more transmitted. only if the bid went uncondi-tional. This would presumably keep the game alive were the Takeover Panel to agree to some form of extension. If not, yesterday's mass of detail will prove so much wasted paper.

Since mid-June, when the Checchi investor group put a \$3.6bn price-tag on NWA, the likelihood has been that the skies would turn unfriendly over UAL, which owns United Airlines, the second largest US carrier. But the signs are that Mr Marvin Davis could find it hard to force as furious an auction at UAL as the one seen at Northwest Airlines. On the face of it, UAL has



characteristics to entice bidders, and highly-leveraged ones at that. It is part of the oligopat that. It is part of the ongop-oly of mega-carriers dominat-ing US air transportation, whose profits have forged ahead recently. UAL's operat-ing margins lagged industry averages for most of tha decade, but now outstrip them at 13 per cent, helped by its trans-Pacific routes. It also has hidden assets such as landing hidden assets, such as landing rights at US hubs like Denver, or 510 aircraft on order from Boeing, which could be pumped for cash to pay down a bidder's debt.

But UAL has already been through the financial wringer once in 1987, when it shed its hotel and hire-car business, loading itself with long-term debt which still totalled 108 per cent of net worth at the end of its last financial year. Also, UAL's management is more respected than was NWA's. respected than was NWA's.
And a new owner should
beware of alienating labour
unions, particularly the pilots,
who made their own offer for
UAL two years ago, UAL's
margins are still worse than
those of its biggest rival, Amertican Airlings, and it needs ican Airlines, and it needs more employee co-operation to bring down costs and fight of challengers like Delta.

It says a lot for Mr Sorrell that he can do such a very large deal as Ogilvy at such a very full price, and suffer so little damage to his share price. Yesterday's 53 per cent ump in interim begins to show why. WPP has so far delivered all it promised in terms of making badly run companies work harder. It is reasonable to believe that what is being done to JWT can be repeated with Ogilvy. Although that company starts from a sounder base, this time staff and clients have not

responded to the new owners by making a dash for the door. If he does manage to pull it off, WPP's shares might seem too cheap. Unlike most other companies at this point in the cycle, WPP is a recovery stock, and on only moderately optimistic assumptions about margins, should increase earnings by more than 20 per cent for the next year or two. There is the problem of the blg US advertising recession that is permanently round the corner, but even when iteventually comes it will find three quarters of WPP's business in other areas anyway.

A better reason for WPP's 10 per cent discount to the mar-ket is doubt about the game ket is doubt about the game plan. The company may be skilled at corporate surgery, but its ability to keep a megaagency healthy is unknown. Mr Sorrell seems to have put aside a couple of years in which to prove himself, and to do something about borrowings at the same time. But even if he succeeds, the shares may not respond accordingly. may not respond accordingly.

The more smoothly things are going, the greater the danger that the next big deal is on the

GrandMet -

Grand Metropolitan's purchase of UB's restaurants is a modest deal by its own standards, but it raises again the question of how far the management's hyperactivity can go without the strain showing. In itself, the purchase seems senitself, the purchase seems sensible — a useful brand in Wimpy, and a property play in the decaying Pizzaland chain. But if there is truth in recent rumours about the sale of the betting business and the reorganisation of brewing, the group may be turning itself into a professional trouble-shooter rather than a long-term strategist. If this is how the management's talents how the management's talents run, fair enough; but it could eventually have a bearing on

the quality of earnings.

UB must meanwhila consider what to do with the money, bearing in mind that apart from the purchase of Keebler in the early 1970s, its acquisition record has been acquisition record has been pretty awful. It will also be conscious that the clearing out of problem businesses was the occasion of Rowntree's loss of independence. But a bid for UB is not yet a foregone conclusion; the defence lies in the fact that the main business is run at a pitch of efficiency, and that the price contains a handsome bid premium already.

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INSIDE

Goldsmith poses 'simple questions'



"The case for this bld to simple questions.

Has the existing management placed BAT in a position to compete

euccessfully? . . Or has it been managed in a way which could lead to progressive senescence and decay?" in such scathing terms Sir James Goldsmith yesterday presented the Hoylake offer docu-ment yesterday for SAT. Page 22

Brisk gain in Singapore

On the eve of today's National Day celebrations in Singapore, the local stock market closed with a brisk gain that left it 31 per cent higher on the year. In each of the past two years, upward momentum in shares has been broken after National Day, so trading was cautious last week. But strong corporate results, an upwardly revised forecast for economic growth and a buoyant Wall Street have revived

Small wheels keep on turning

Bajaj Auto may enjoy 43 per cent of the the . \$1bn-plus indian two-wheeled vehicle market. But it is leaving no avenue unexplored in its drive for increased sales, even as Japanese players like Honda, Suzuki and Yameha and their Indian partners rev up their own market-ing efforts. Page 19

Cordiality in Algiers



The visit last week by French Finance Minister Pierre Bérégovoy (left) to hia counterpart in Algeria, Mr Sid Ahmed Ghozali, set the seal on much improved financial relations between the two countries. In recent months Algeria's leading creditors - France, Italy, Japan and Spain

new lines of credit, effectively refinancing older debt. Meanwhile, Algiers is making a big effort to reduce the arrears which have built up with oreign companies, notably those from France.

Deaf ear to populist pleas

When the 1985 farm programme drove down prices the US Government's grand design was to "recepture" its export markets; Although the policy has benefited exporters and agribusiness, the low prices have tightened the noose around farms unable to achieve economies of scale. However pleas by popular farm groups that Congress drastically reduce production and raise price gopports have fallen on-deal -ears, writes Nancy Dunne in the last part of her

Foreigners loiter in Portugal

The Portuguese Government'e commitment to sweeping privatisation has put the country's bourse back on the international broking map after 18 months out of favour. Foreign investors have battled with Portuguese groups for stock in recent issues. But also giving impetus to the bourse is the fact that, once outbid by home contenders, foreigners have not withdrawn their money. They have instead sought other investment opportunities in Lisbon or Oporto.

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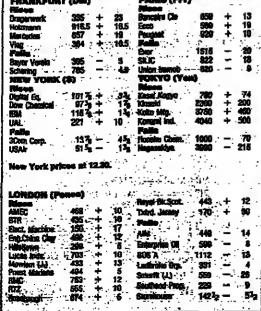
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Chief price changes yesterday

24 Wartsild



Suez in war with Victoire partners over takeover bid

By George Graham in Paris

SUEZ, the French banking and investment group, yesterday declared war on its partners in the Victoire insurance group by launching a FFr19.5bn (\$3.1bn) takeover bid for Compagnie Industrielle, Victoire's key share-

holder.

The bid, if successful, would be followed by a bid for Victoire itself, which would value the company at nearly FFr29bn. However, last night French brokers predicted a lengthy hidding battle.

Victoire's complicated shareholding structure was designed to ensure a fine balance between Suez, after its nationalisation in 1981, and private sector interests led by Mr Jack Frances.

However, Mr Francès retired this year as chairman of Compag-nie Industrielle, and relations have deteriorated since then between his successor, the banker Mr Jean-Marc Vernes, and Suez, now privatised again. The ceasefire has now turned

into open warfare in the wake of Victoire's deal, concluded 10 days ago, to buy control of Colonia, the West German insurance company, from the Sal. Oppenheimer private bank. Suez agrees wholeheartedly with the Colonia purchase, but claims that Mr Vernes has sought to push Suez to one. side in the financing arrange-

ments for the deal.
Suez is already a major shareholder in its own right in Com-pagnie Industrielle, with a stake

of 18 per cent compared with 25 per cent held by Mr Vernes' hold-ing company, Societé Centrale d'investissement. It also holds an indirect stake in Blanzy, another holding company.

Compagnie Industrielle, in

turn, is the main shareholder in Victoire, with 40 per cent of the canital and 48 per cent of the voting rights. Sucz is the next largest direct shareholder in Victoire with 30 per cent of the com-pany's capital and 34 per cent of

its voting rights.

Snez is hidding FFr13,000 a share for Compagnie Industrielle, whose shares were suspended last week at FFr9,750.

If successful, Snez would then

bid FFr1,800 a share for Victoire, including non-voting certificates of investment. Victoire's shares have also been suspended, at FFY1.035

Talks between the hostile partners continued over the weekend in a search for agreement, but Snez officials said yesterday that they had reached the point where the argument had to be settled by

They have been worried by the steady bnying of Compagnie Industrielle shares, and say that Mr Vernes appears determined to increase the stake held in Com-pagnic Industrielle by Société Centrale d'Investissement. His partners in this venture are the Dassault aerospace family and Air Liquide, the industrial gases

WPP profits jump 61% in first half

By Philip Rawstorne in London

WPP, the UK-based international WPP, the UK-based international advertising and marketing group headed by Mr Martin Sorrell, increased pre-tax profits by 61 per cent to £26m (\$42m) in the six months to June 50.

WPP's performance, including only a negligible contribution from the recently acquired Oglivy Group, contrasted sharply with the dismal half-year report from Seatchi & Seatchi, the rival

from Saatchi & Saatchi, the rival which it is now challenging for worldwide leadership. The results, which included a

53 per cent rise in earnings per share to 33.9p and a more than doubling in the interim dividend to 11.3p, surpassed City forecasts. WPP shares closed 6p higher at

714p.
With net revenues up 29 per cent to £331m, WPP's figures reflect organic growth rates of 10

to 20 per cent in advertising and marketing services worldwide. During the first six months of

1938, WPP added not new business revenues of £45m, equivalent to new billings of £300m. New business assignments for J Walter Thompson alone totalled more than 2125m. WPP bought JWT in 1987.

Ogilvy, in the same period before its takeover, secured another £180m of new billings. The pace of cross-referrals from one part of the group to another again increased, and accounted for 15 per cent of new assignments

The group now works with more than 390 major clients in two or more of its divisions, and with 70 clients in five or more

United Airlines Share price





Chicago airport, the hub of UAL, the airline which has received a hostile bld from Marvin Davis

Wall Street reaches for the sky

Anatole Kaletsky looks at Marvin Davis's \$5bn bid for United Airlines

f any one policy sold the American public on the bene-fits of the free market policies of the last decade, it was the deregulation of the airline indus-

However, US investors definitely did not share the public's enthusiasm for aviation - until the hidding frenzy which broke ont in the sector earlier this

Wall Street expects the takeover approach from Mr Marvin Davis, the Los Angeles-based oil and real estate billionaire, dis-closed by UAL, the parent of United Airlines, to value the company at around \$225 a share or

This would be rooghly four times UAL's share price just two years ago, when the company took on nearly \$3hn of debt as part of the leveraged break-up and restructuring of the Allegis travel conglomerate. It would be double the value of UAL calculated as recently as three months

But Mr Davis' offer, which UAL described as "unsolicited and highly conditional" in its rather testy announcement on Monday, will be probably only the opening salvo in a bidding war that could take UAL's value war that could take that's value much higher — perhaps op to \$300 a labare or more, if many aviation analysts on Wall Street are to be believed.

Even by Wall Street standards, the takeover premiums being dis cussed for UAL are very ambitious. Why should a company which has already been viewed as a possible takeover candidate for a year or more suddenly be worth twice as much as anyone was previously prepared to pay

The most obvious reason is simply the price of \$121 a share or \$3.6bn paid last month for NWA, the fifth largest US air-

The NWA contest left several around six times its prospective bidders frustrated, with billions of dollars of financing already in place. These included not only annual casb flow. Even at yester-day's market price of \$221, UAL was trading at a cash flow multi-Mr Davis, a man with personal net worth estimated at around ple of just over four. What is extraordinary, at least \$1.6bn, but also Kohlberg Kravis in retrospect, about the airline Roberts, the leading New York leveraged buyoot groop, and Pan American, the heavy-loss making trans-Atlantic airline which des-perately needs to graft itself onto industry and what accounts for the massive premiums in the NWA and UAL buyout proposals

a stronger partner if it is to survive in the long term.

The bidding for NWA added a

Ampco-Pittsburgh, a Pennsylvania-based industrial equipment and steel products concern, has taken a 6.6 per cent stake in Midway Airlines, the medium-sized US carrier, and may consider seeking control in the future, according to a filing the future, according to a filing with the US Securities and

Exchange Commission. Dealings in Midway sbares

further intriguing twist with the involvement of KLM, the Dutch

strategies for obtaining control of the company. over-ambitious, or eveo generous, by the standards of Wall Street's

is that the valuations accorded by the stock market to airline stocks have in the past been very

low. A multiple of four times annual cash flow hardly appears

were halted early yesterday and jumped \$1½ to \$20½ when trad-ing resumed, valuing the com-

Ampco-Pittsburgh said it had

no present plans to seek control of Midway. However, it has explored and intends to explore

farther the feasibility of and

pany at about \$200m.

airline, as a 20 per cent partner merger mania. The real mystery, therefore, about the takeover fever in the airline sector relates not to the premiums on offer from Mr Davis, Mr Cecchi and others, but and key source of financing for the Cecchi group.
International air travel is growing much faster than domestic flying in the US, and the foreign carriers are seen by many anato the pre-bid valuations of the lysts as the most important threat to the oligopoly created by the big US sirline mergers of the airline stocks.

This brings us back to the poli-

tics and economics of airline derlast three years.
United Airlines' involvement egulation. Fund managers on Wall Street with British Airways through a

have been extremely sceptical about the sustainability of airline joint marketing agreement, and as a partner in Covia, UAL's comprofits. After all, average air fares puterised reservation system, has

have risen by about 12 per cent so far in 1989 after a rise of about led some analysts to speculate that BA might put its financial weight behind a takeover bid for 7 per cent last year. Consumers and politicians are becoming res-The NWA bidding established new criteria for the "private martive as they realise that the big fare increases are due to the virket values" of big US airline tual elimination of competition groups. NWA was valued at on many important routes.

And the impact of small fare changes can be spectacular on businesses with high fixed costs, such as aviation. A 10 per cent rise or fall in average revenues per passenger mile can easily double or triple an airline's cash flow, according to Mr John Eichner of SH&E, a leading New York aviation consulting

Public concern about rising airfares could lead to some form of reregulation. More plausibly, but just as alarmingly, Washington could try a market-based approach to attack the airlines' oligopoly - for example, by auctioning scarce take-off and landing slots at over-used bub air-ports or by allowing freer entry to non-US competitors.

These are the kind of issues that, until recently, have made Wall Street sceptical about the booming profits of US airline companies,

According to Mr Eichner and a growing body of other analysts, however, the preoccupation with regulatory policies bas been vastly overblown.

In a recent study be conducted for the US Congress, Mr Eichner found that airlines' fares fell in real terms by an average of 2.2 per cent annually in the 10 years after deregulation, even including the big increases announced lost we be increases announced that we have the beautiful to the control of the second of the control of the c last year. To his surprise, he says, be also found that real fares an averag in the 10 years before deregulation and an average of 2.1 per cent in the decade before that. Snch figures suggest that the

underlying trends of productivity and demand growth are more important than regulatory regimes in determining the price and profitability of aviation in the long term. When it comes to ultra-leveraged takeovers, however, the long term can be too long in coming.

President quits troubled Wang

MR FREDERICK Wang, the son of the founder of Wang Laboratories, yesterday resigned as its president under pressure from executives of the sorely troubled

computer company.

Mr Wang's sudden resignation.

which was offered at a board meeting late on Monday night, opens the way for the company to seek rescue by recruiting a new leader from outside the founding Wang family. It also comes as Wang, based in the old textile town of Lowell, Massachusetts, struggles to renegotiate crucial short-term credit lines in time for a deadline set by bankers for

Wang stock rose a sharp \$1 to \$6% in response to Mr Wang's

tomorrow.

Dr Wang returned to part-time work on Monday after cancer surgery and is said to be desper-ately worried about the future of the company he founded as a Chinese immigrant in 1951. The family shareholding has plum-metted in value from \$1.5hm in 1963 to just \$200m yesterday. But some analysts believe that Wang, which almost single-hand-edly displaced the typewriter with the word processor in the 1970s, may have lest its chance of

The company lost a record \$424.3m last year and its important minicomputer market is in

*Six in response to Mr Wang's resignation.

Mr Wang, 38, who took over as president and chief operating officer three years ago, has been under intermittent fire from Wall Street and even his father, Dr An terreat.

"The debt is frightening and the cash flow isn't good," said Mr Shao Wang, an analyst with Smith Barney in New York.

Wang said yesterday that financial advisers are looking at

Wang, the 69-year-old company possible asset sales but the whole company was not for sale. In a statement yesterday, Mr Wang, said: "I believe this action is in the best interest of Wang Laboratories at this time. It is a decision that I feel will allow the company to move forward with its restructuring." The company said directors had been struck by

> For the moment, Dr Wang, who is working a part-time schedule after surgery on his oesophagus in July, has appointed a long-time and elderly associate. Mr Harry Chou, as acting president while the company searches the computer industry for a turnround specialist

Mr Wang's "courageons" deci-

Bank lenders, led by the Bank of Boston, have set tomorrow as a deadline for the renegotiation of some \$300m in short-term credit lines which Wang desper-ately needs as working capital.

GrandMet buys UB food outlets

WIMPY, the oldest British hamburger chain, is poised to foin the Burger King stable fol-lowing yesterday's announce-ment that Grand Metropolitan, the UK food and drinks group, has won the contest to buy United Biscuits' fast-food restau-

The £180m (\$290m) deal will add to GrandMet's restaurant portfolio more than 800 sites at home and abroad. It will include the Pizzaland and Perfect Pizza outlets, but Wimpy's prime UK High Street properties will be the

The purchase could enable Burger King, which GrandMet bought last year as part of its \$5.75bn acquisition of US food group Pillsbury and which currently has a mere 30 British outlets, to vie with McDonald's for domination of the UK hamburger end of a bidding contest initiated by UB two mouths ago, when it said it wanted to concentrate on core businesses in manufacturing biscuits, snacks, confectionery and frozen foods.

The price at which UB Restaurants is being sold is within the range of recent City expectations, and the deal was seen as advantageous to both companies yesterday. UB's shares closed Ip higher at 405p and Grandmet's at 622p, up 4p. Mr Frank Knight, UB's deputy

group chief executive, said GrandMet's offer had been the best put forward. UB Restaurants comprises in the UK 381 Wimpy restaurants, 130 UK Perfect Pizza takeaway outlets and 131 Pizzalands. Overseas there are 148 Wimpys and 28

Pizzalands. Including a contribution from the three burger and bun manu-facturing plants being sold with The announcement marked the

Wimpy, it made trading profits of £11.2m on sales of £147.4m in the year to end-December 1988. Wimpy was the dominant con-tributor, while Pizzaland, which is smaller and has not flourished under UB, performed more

GrandMet said yesterday no decisions had yet been taken on what would be done with the outlets. "We're now going to have to have a long look at the estate we have bought", he said.

It declined to comment on

whether the company expected to dispose of any of the UK outlets. Wimpy will be added to the Burger King business while Pizzaland and Perfect Pizza are to join Grand Metropolitan Retail-ing, which also comprises such chains as Berni Inns and Pastaficio. The manufacturing and dis-tribution activities will become part of Grand Metropolitan Foods Group.



This phone line has been specially set up for shareholders in B.A.T Industries.

It may be used free at any time to hear the latest news and your Board's recommendation in relation to the Hoylake bid.

The Directors of BAT industries p.L. (other than Sir Mark Weinberg who, being also a director of J. Rothschild Holdings, is taking no part or this metter) are responsible for the information contained in this advertisement. To the best of the knowledge and belief discin Directors of BAT Industries this information is in accordance with the facts and does not omit anything Budy to hinder a clear understanding of them. The Directors of BAT Industries accept responsibility accordingly.

INTERNATIONAL COMPANIES AND FINANCE

oreign investors and Portuguese groups are

in whatever enterprises the

Portuguese Government cares to privatise, in spite of criti-cism of bureancratic delays in

The commitment of Prime

Minister Anibai Cavaco Silva's

Government to sweeping priva-

tisation - part of attempts to reduce the state's budget defi-

reit - seems to have put Portu-gal back on international bro-kers' maps after 18 months in no man's land. Simultaneously it is giving a useful fillip to

bourse activity in general.

Portuguese bankers and brokers and Spanish, British, German and French buyers wanting a piece of the action have

given new momentum to the bourse; many would-be foreign

buyers of privatised shares who are outbid choose not to take their money home and seek, instead, other paper in Lisbon or Oporto.

It is estimated that foreign-

ers now make more than half the running on the Lisbon bourse, where trading is returning to pre-1987 crash lev-els of between \$5m and \$7m a

The first sales - of a 49 per

cent stake in Unicer, the state-

run brewery, and Banco Totta e Açores (BTA), the commer-cial bank — set the privatisa-tion pace earlier this year. Uni-cer could have sold three times

as many shares as it did while

BTA was four and a half times subscribed.

Alianca Seguradora, the insur-ance company, has hit prob-lems, however. Although it

was planned for last month the sale will not occur until Sep-

tember 29, reportedly due to lack of a quorum to the official commission which vets privati-

sation proposals and to hesita-

tion over share pricing.

Two more privatisations are due this year - that of Tranquilidade Insurance and the

state codfish fleet. The authori-

ties have also announced the

sale of at least 49 per cent of Banco Portugues do Atlantico, the largest state commercial

bank, Centralcer, the second-

largest state-run brewery, and

Cimpor, the big cement pro-ducer. Eventually authorities

aim for one privatisation issue

every 45 days.

There is a continual flurry of

assessments prior to semi-pri-

The sale of 49 per cent of

Telefónica boosts interim profit 13% to Pta32.7bn

By Peter Bruce in Madrid

TELEFONICA, the inter-nationally quoted Spanish telephone monopoly, yesterday reported a 13.2 per cent increase to Pta32.69bn (\$273.3m) in net profits for the first half of 1989.

The company said accelerated income in the first six months had helped compensate for a 23 per cent increase in operational costs, which just topped Pta141hn. Turnover grew 15 per cent to Pta344.5hn. Second-quarter pre-tax profits were released in London on

Monday. Mr Candido Velazquez-Gaztelu, who was appointed chairman of Telefónica by the Government earlier this year, has said he expects net profits to advance about 10 per cent, to about Pta69bn, for the whole

year.
Telefónica is, however, still having great difficulty meeting demand for basic telephone

This reflected a loss of

last year. However, the gain on the share portfolio increased

from DKr118m to DKr309m.

The balance sbeet total rose

m Mr Leo Kirch, the West Ger-

man film and television distrib-utor, is planning to file a suit

against the supervisory board

from DKr87bn to DKr114bn.

services in Spain. At the end of June the waiting list for telephones in the country had reached 624,000 lines, nearly 200,000 more than forecast.

The company is planning to invest Pta610bn in modernising its network next year, about Pta200bn of which is to be spent on installing some 1.9m

The Spanish company in which the Government still has a large minority stake, has recently signed contracts for the necessary switching equip-ment with Alcatel-Standard Electrica, Intelsa-LM Ericsson and AT&T Network Systems.

About 300,000 of these lines were to have been installed this year but plans have been hit hy production delays at Alcatel and Ericsson. • Corporacion Mapfre, Spain's largest independent

insurer, yesterday reported unconsolidated uet profits of COMPANY NEWS IN BRIEF

Outcome of | Portugal back on the broking map Wärtsilä talks due tomorrow

By Enrique Tessieri in Helsinki

THE FINNISH Government is expected to announce tomorrow the results of talks with privately-ownad Wärtsliä Marine, one of the largest shipbuilders in Europe which has turned to the Government

to save it from bankruptcy.
Although many Finnish industrial sectors are criticising the Government for giv-ing Wartsilä Marine special treatment, there is a hint of optimism over the outcome of

the talks. Mr Bror Wahlroos, a Ministry of Trade and Finance offi-cial involved in the negotia-tions, reaffirmed that the state would not be the only party to bail out the financially troubled shipbuilding company.

'The [Finnish] Export Guarantee Board will not back any

loans if other parties are not found to put up the cash," he said. "Included should be the owners [the Wartsilä engineer. ing group and state-owned Valmet] as well as principal financiers [Union Bank of Finland and Emarinen, the insur-

ance company]." Wārtsīlā Marine began talks with the Government about two weeks ago when it became evident that losses for this year would be greater than expected. The marine division of Wartsilä incurred a loss after financial items in 1988 of

FM638m (\$148.7m). Mr Wahlroos also blamed the division for feet-dragging over its acute financial state. • Rauma-Repola, the Finnish engineering and forest industry group, said a meeting of shareholders had approved its planned issue of 22.38m shares, which will raise

The issne, announced in June, will raise Rauma-Re-pola's share capital by FM223.8m to FM1.34bn. Shareholders will be able to subscribe for one new series I share at FM24 each between Angust 14 and September 22 for every five old series I shares held.

The money raised will be used to strengthen the group's financing and to pave the way for new investment and acquiDiana Smith on the repercussions of a sweeping privatisation drive

Lisbon bourse activity has been bolstered by Prime Minister Silva's privatisation policy

vatisation or, in time, full privatisation of 50 state banks, but which anbsequantly insurance companies, indus-tries and service companies in the next six years. Organisa-tions such as Banco Portugues do investimento or CISF, a pio-neer financial service com-pany, are working flat out on half a dozen assessments at a

British brokers are at the front of the non-Spanish queue for privatised shares or those in listed companies. "Non-Spanish" is a necessary rider as the Spaniards made sophis-ticated purchases which netted them solid chunks of Unicer and BTA.

Colombia's Bavaria, Latin America's largest hrewery, acted through the Lisbon-based Hispano-Americano Sociedade de Investimento, the invest-ment offshoot of Spain's Banco Hispano-Americano, to take 13 per cent of Unicer. Friendly Portuguase block huyers helped build the stake.

Hispano-Americano also bought heavily for itself in the BTA auctions, at an average of s1,900 (\$11.88) a share against an Es1,500 asking price - end-ing up with 700,000 of the 12.2m

Spain's Banesto outstripped Hispano-Americano's effort by acquiring 3.32 per cent of BTA. It joined with Mr José Roquete, a prominent Portu-guese financier, who snapped up 10 per cent and, with him, now controls a 13.32 per cent

Mr Roquette recently sold his minority stake in holdings of the Espirito Santo family which was dispossessed in 1975 regrouped and prospered abroad, returning to Portugal in 1986 with a new bank, Banco Internacional de Comercio, and am investment firm, Essi. The family is now amassing a Por-tuguese portfolio and recently became the first Portuguese group to float shares in Lon-

Denied by the Government compensatory shares in their nationalised assets or preferen-tial purchase of privatised capi-tal, the Espirito Santo family and other once-alienated Portuguese groups seem to be mus-tering to buy privatised shares. The Government says the pest is closed and has paid what former owners see as miserly compensation for assets lost.

r Roquette's BTA strategy looks like an opening gambit for moves by names from Portugal's pre-1975 business scene even though some embittered ex-owners, such as Mr Antonio Champalimaud, want a boycott of privatised shares. He con-temptuously refers to the sell-offs as the "sale of stolen goods" by the Government.

Meanwhile, privatisation is a
learning process for Portuguese officials used to controlling business, for state-run businesses unused to sharing decisions with outsiders, and for post-1975 private business-men unused to foreign capital

market expertise. The apparition of high-flying Spaniards and the re-emer-gence of urbane old guard groups has led some officials and husinessmen to wonder

out loud whether privatisation is a good idea if it lets so many shares go in "strangers." The authorities thought they

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had things sewn up against these marsuders. They limited foreign ownership to 5 per cent of a privatised company while holdings by Portuguese individuals or enterprises were restricted to 10 per cent each. They reserved 12 per cent to sell, at a discount, to employ ees, small savers and emi-grants — a "popular capital-ism" analysts consider may prove unwerkable.

The Government also set a

2,000-share limit on the amount 2,000-share limit on the amount that investment or pension funds could buy. The funds consider this stingy and hope new legislation later this year, incorporating June constitutional changes that allow full danationalisation of enterprises seized in 1975, will be more generous to funds and forestoners.

There are hints that the limit on share ownership by foreigness may be raised to 10 per cent. And the advent of the single European market in 1992 raises questions about all continuous and continuous adventors.

straints on foreign sharehold-ings in EC companies.

Unicer and BTA's sala showed that where there's a foreign will — plus friendly Portuguese money — the Government can set whatever limits it likes and a way will be found around them, hampering access by individuals or groups

medium-shed BTA look tame.

SDS, the largest Danish company's annual meeting on savings bank, increased first-balf earnings after depreciation July 26, a spokeswoman for Mr Kirch said. The suit would be and loss provisions from DKr161m to DKr226m (\$30.5m). Loss provisions were cut from DKr371m to DKr229m, writes the latest development in a long battle between Springer and Mr Kirch, who controls 26 per cent of Springer and has Hilary Barnes in Copenhagen. SDS will convert into a joint tried to take over the media

stock company this antumn. As the first big Danish bank to ■ Klöckner-Werke, the diversifled West German engineering do so, it will adopt a bolding and steel concern, said world group sales jumped 8.9 per cent to DM3.33hn (\$1.7bn) in the first six months of the fiscal company structure enabling it to diversify into other financial The savings bank's net result after adjustments for year ending September 30. Year-earlier figures were not

declined from DKr446m to given, Reuter reports. Output of raw steel climbed 3.6 per cent to 1.8m tons. Machinery sales climbed 4.9 per cent to DM1.25hn, while sales of plastics rose 8.7 per cent to DM286m. DKr151m on its bond portfolio compared with a gain of DKr364m in the first half of

■ Peugeot, the French vehicle group, said yesterday its con-solidated revenue climbed to FFr81,06bn (\$12.58bn) in the first half of 1989, up 14.2 per cent from the corresponding year-earlier total of FFr71bn,

AP-DJ reports. Peugeot said the advance of Axel Springer Verlag, the West German media gronp, was led by a 16.1 per cent rise in foreign turnover to FFr45.2bn. Domestic turnover Mr Kirch's suit will allege that Springer did not answer was up 11.8 per cent at his questions adequately at the FFr35.86bn.

First-half sales figures showed that turnover at the group's Automobiles Peugeot unit rose 14.3 per cent from a year earlier. Turnover at Anto-mohiles Citroen, its other main vehicle making unit, was up

> Trellehorg, the Swedish industrial conglomerate, said it had bought a 1.5 per cent stake in Aker Norcem, the Norwe-gian engineering company, for NKr72.5m (\$10.3m), Renter

Pta970m for the first six months of 1989, an 80 per cent

increase on last year's period.

The figure refers only to rein surance, the company's main business sector.

Of its other businesses, not consolidated into the interim

figures, the company said con-

ventional life premiums grew 45 per cent to Pta9.5bn while

property and casualty income had surged 59 per cent to

Corporacion Mapfre is con-trolled by Mapfre Mutualidad, Spain's biggest mutual group. Under its complicated corpo-

rate structure, Mapfre Mutuali-

dad directly controls the group's prosperous car insur-

ance business while placing

tha remaining companies

under the Corporacion, which is quoted on the Madrid stock market and which made consolidated pre-tax profits of Pta4.1hn last year.

reports.

The stock was purchased by Atlas International, Trelle-borg's Norwegian subsidiary, in the past two months at prices between Nkr90 and NKr130 a share. Atlas said the purchase was "purely a finan-cial investment."

■ Leifheit, the small West German maker of kitchen appliances, hathroom and house-hold products, said it planned to raise DM38m (\$20m) through a one-for-four rights issue to finance new acquisitions, AP-DJ reports.

Leitheit said it would issue 100,000 new common shares to existing shareholders at DM380 a share. This is a 34 per cent discount to yesterday's closing price of DM580, down from DM590 on Monday.

All of these securities having been sold, this advertisement appears as a matter of record only.

3,700,000 Shares



Eagle Food Centers

Common Stock (par value \$.01 per share)

700,000 Shares

This portion of the offering was offered outside the United States by the undersigned.

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Oppenheimer & Co., Inc.

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Morgan Stanley International

Salomon Brothers International Limited Yamzichi International (Europe) Limited

3,000,000 Shares

This portion of the offering was offered in the United States by the undersigned.

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Wheat First Butcher & Singer Bateman Elchler, Hill Richards The Chicago Corporation First Southwest Company

C.J. Lawrence, Morgan Grenfeil Inc. Neuberger & Berman The Ohio Company

Raymond James & Associates, Inc. Sutro & Co.

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All of these securities having been sold, this announcement appears as a matter of record only. The same of the sa

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ALLIED IRISH BANKS, p.l.c.

7,000,000 American Depositary Shares Representing. 7.000.000 Non-Cumulative Preference Shares

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The Robinson-Humphrey Company, Inc. Rodman & Renshaw, Inc. Wheat First Butcher & Singer

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U.S. \$500,000,000 Floating Rate Notes Due 1991

For the three months 9th August, 1989 to 9th November, 1989 the Notes will carry an interest rate of 827/32 per cent. per annum and interest payable on the relevant interest payment date 9th November, 1989 will amount to U.S. \$226.01 per U.S. \$10,000 Note.

By Morgen Gueranty Trust Company of New York, London Agant Bank

To the Holders of Warrants to subscribe for shares of common stock of MR MAX CORPORATION

(the "Company") (Issued in conjunction with an issue by the "Company" of

US\$40,000,000 37/4 per cent. Guaranteed Bonds 1992) Notice of Typographical Error Concerning Subscription Price Notice is hereby given that the Subscription Price after adjustment (effective 21st August, 1989) at which shares are issuable upon exercise of the Warrants will be Yen 1,863,6 and not Yen 1,836.6 as stated in the notice made on 7th August, 1989.

MR MAX CORPORATION By: The Toyo Trust and Banking Co., Limited. 9th August, 1989

INTERNATIONAL COMPANIES AND FINANCE

Quaker Oats hit by reshaping costs Bajaj Auto

By James Buchan in New York

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CHRATION

QUAKER OATS, the Chicago food and toy group, vesterday reported solid increases in operating earnings in the bulk of its business but lower net income because of special

charges.
Quaker, which has brands including Quaker Oats cereal, Gatorade soft drink and Fisher Price toys, said its operating earnings in its fourth quarter to June rose 11 per cent to \$229.4m on a 5 per cent rise in sales to \$1.660m. The quarter ensured an 11 per cent rise for

Sales fall

at Kirin

Brewery

By Our Financial Staff

KIRIN BREWERY, Japan's

largest beer producer, reported pre-tax profits of Y26.7bn (\$190.6m) for the first half of a

new accounting year to December – for which the company has revised down-

ward its forecast earnings

because of strong competition in the domestic market.

in the domestic market.

Sales for the six months to
June were Y539.8hm, down 19
per cent from last year's first
half, though the fall was distorted by the change of reporting period, which began last
year at the end of January and
took its an extra month of

year at the em to summer took in an extra month of summer, traditionally the sea-

However, Kirin conceded that real sales were down 0.6 per cent on a year earlier, even though total domestic demand

dicted at Y1,210bn for the

year, revised downward from a previous estimate of Y1,220bn.

The company said the sales

Last week Asahi Breweries.

the year to \$596.5m on a 7 per \$56.5m or 71 cents a share to year rose 16 per cent to \$386m cent increase in sales to give an outturn for the year of on a 9 per cent rise in sales to But in the course of the year,

Quaker charged \$124m or \$1 a share to its profits to consolidate food-processing plants and \$26m or 20 cents a share to account for a change in the way it values its US grocery products in its books. In 1988, the charges were only \$18.8m

or 18 cents a share.

The result was that in the fourth quarter net earnings fell from \$94.1m or \$1.18 a share to

give an outturn for the year of \$202m or \$2.56 a share, down 21 per cent. Without the charges,

net income per share would have been \$1.57 and \$3.76. Mr William Smithburg, chairman, said. "Excluding the various restructuring charges associated with our steps to keep Quaker a low-cost pro-ducer of premier brands, our overall performance was again

at record level."
In its North American business, operating income for the

on a 9 per cent rise in sales to \$3.63bn. Unit volume rose 1 per cent. In the overseas groceries business, operating income rose 19 per cent to \$114m on a 5 per cent rise in sales to \$1.25bm. Unit volume rose 6 per

Profits from Fisher-Price declined 8 per cent to \$97m, but this was down from what Quaker an exceptionally strong performance in 1988. Sales were still ahead 3 per cent at

Two US chain stores improve

TWO LARGE chains operating at opposite ends of the US department store sector each yesterday produced strong interim results, signalling a continued revival particularly

wal Mart Stores, which has about 1,300 discount outlets — mainly in the small towns of the Sunbelt and Midwest, and carrying lines from hardware to clothing - lifted net profits to \$417.8m from \$333.2m for the first half to June, as revenues expanded to \$11.49bn compared with \$9.18bn.

The company headed by the legendary Mr Sam Waiton has been undertaking an aggressive programme of opening

It said that during the sec-ond quarter it opened 28 new Wal-Mart stores and three Sam'e Wholesale clubs for a net addition of 2.95m sq ft of

retail floor space.

At The Limited, Mr Leslie
Wexner, the chairman,
declared: "I belive the current
fashion environment has stabilised from the abnormal swing experienced in late 1987 and early 1988.* He was reporting doubled net earnings of \$109.0m against

\$54.6m, on sales which grew to \$1.96bn from \$1.70bn. The Limited has some 3,000 outlets largely devoted to

upmarket womenswear. The company said the sales gains would have been higher except for the sale at the end of the first quarter of the Lerner Woman division. It operates under its own name as well as owning the Lane Bryant outsize chain and Victoria'e Secret, a lingerie

specialist.
The US market for ready-made fashion took a tumble in mid-1987 as consumers pared back non-essential purchases, hitting The Limited's sales and share price - well in advance of the October stock

market crash. Mr Wexner said that as result of the more stable conditions now, he foresaw a good second half, adding: "Generally our fall merchandise is performing to expectations."

For the second quarter

alone, net profits were \$83.8m compared with \$30.7m, drawn from sales of \$990.3m against \$883.1m. Wal Mart's earnings in the three months to June were \$219.0m, up from \$179.6m.

Scitex leaps to \$13.6m midway

By Our Financial Staff

SCITEX, the Israell publishing equipment maker headed by Mr Robert Maxwell of the UK, more than doubled first-half net profits to \$13.16m from \$5.88m as sales rose 18 per cent

per cent on a year earther, even though total domestic demand grew by 5.8 per cent.

It said it company had lost market share because of a failure to capitalise on the demand for "dry beer," a particularly popular, higher alcohol brew that now appears to have reached its sales peak.

Kirin, along with the other leading Japanese hrewers, has released a collection of new products this year in the wake of the "dry boom," and the company says that the new lines are already showing better than 10 per cent growth.

Beer accounted for 91 per cent of the company's sales for the half year, with soft drink sales comprising most of the remainder. The company, which has about half the domestic beer market and is the world's fearth leaguest brewer, now predicts pre tax profit for this year of Koobn, down from a earlier estimate of Koobn, and also down from last year's Y64.7hn.

Sales for the year are predicted at Y1,210bn for the year revised downward from a The company was last month rebuffed in its attempt to buy Crosfield Electronics, a unit of De La Rue, the British security printer in which Scitex laid out £17.17m (\$27.5m) to amass a 6.5 per cent

De La Rue is instead selling Crosfield for £235m to Du Pont of the US and Fuji Photo Film

of Japan, and Scitex - which had indicated that it might have been prepared to pay between £255m and £265m for Crosfield - said yesterday only that "in view of this development, the company is now considering various alternatives."

Scitex apecialises in computer imaging systems used mainly in printing and publish-ing but also to a lesser extent in textiles, printed circuit boards, and seismic explora-

It said its Intel-based Prisma

May, had attracted "a significant number of orders." For the second quarter to June, profits were \$7.25m against \$2.83m on revenues which were up 17 per cent to \$55.41m.

Shares in Scitex are traded on the US Nasdaq market. Mr Maxwell's Mirror Group News-papers owns about 27 per cent, for which he paid \$39m in Jan-

He took over as chairman from Mr Efraim Arazi, founder of the 20-year-old company. Sci-tex returned to the black in TM workstation, launched in 1988 after three years of losses.

Oxdon alters attack on rival Steinberg bid

OXDON Investments, of Toronto, has altered its court action through which it is attempting to halt a rival C\$1.3bn (US\$) bid for Stein-berg, the Canadian food and property group, writes Robert Gibbens in Montreal

fall can be partly explained by a new tax structure for con-sumer goods, resulting in a cut in taxes on alcohol, and prompting a spate of price cuts leading to a fall, in expected It has dropped its request for a temporary injunction but Quebec's Superior Court has asked Ordon and its rival, a consortium of Socanav and Calsse de Dépôt, to present arguments on Friday on Oxdon's demand for a permanent injunction.

one of Kirin's main Japanese rivals, reported almost dou-bled pre-tax profits of Y11.4bn in the first half to June, up Oxdon claims that Caisse from Y5.8ba. Its turnover was up 25.8 per cent at Y287.1ba, short of its original projection of 45 per cent growth. exceeded its powers by agree-ing to finance more than 90 per cent of its joint offer with Socanav.

Strong \$ tips Commodore into fourth quarter loss

By Our Financial Staff

COMMODORE International, the US personal computer and peripherals company, yester-day announced a loss of \$10.1m for the fourth quarter to June and blamed a stronger US dol-lar for a significant fall in sales

during the period.

The loss was softened by a tax credit of \$1.2m, and the company predicted that it would return to profitability in the three months to Septem-

Sales for the latest quarter were \$180.3m compared with \$215m in the previous period, when profits were \$12.2m. Net profit for the year was \$50.1m, up from \$48.2m in the preceding fiscal year — that overseas operations for about three-quarters of revenue, and so margin and sales figures were particularly hard-hit by the recent strength of the US

Sales for the year were \$939.7m, an increase from \$871.1m on the previous

The company, dependent on two models of personal com-puter for about 40 per cent of sales in fiscal 1988, reported that operating expenses had increased during the year and that demand had softened in

Botswana RST cuts net loss as metal prices rise

By Jim Jones in Johannesburg

and copper mining company, benefited from considerably stronger metal prices during the first part of the half-year to

However it was affected by

in eastern Botswana.

The company's debt totalled
1.36bn pula (\$674.2m) by
midyear and operating
profite remain ineufficient to cover interest obliga-

Lower ore grades and fur-nace problems combined to reduce the first hairs nickel production lower to 9,289 tonnes from 11,888 tonnes in

passengers between Hong

Kong and the nearby Portu-gese enclave of Macao, has

reported net profite of HK\$121.7m (US\$15.6m) for the

six months to June - a 50 per

cent increase.

Most of the improvement

came from an increase in inter-

est income on surplus cash,

although higher fares on jet-

foils and increased traffic also made higher contributions.

listed company within the business empire of Mr Stanley

Ho, a casino magnata, rose 31 per cent to HK\$380.5m.

Passenger traffic between

Hong Kong and Macao - ese customers of the service

Turnover at Shun Tak, a

the first half of 1988, copper to 9,806 tonnes from 13,436 tonnes and cobalt to 107 tonnes from 154 tonnes. Sales revenue rose to 271.3m pula from 171.4m pula.

The interim profit before deferred royalties, interest pay-ments and unrealised exchange rate adjustments increased to 141.5m pula from 86.8m pula and the net loss shrank to 15.1m pula from 185.1m

Botswana RST has never declared a dividend and the directors repeat their earlier warnings that no payouts are likely while the debt burden

revs up to stay leader of the pack

partners, rev up their nwn marketing efforts.

to acquire its two-stroke engine technology. Bajaj Auto is launching four

end, are due to roll off its assembly lines at Pune and Walui (in the state of Mahar-ashtra) early next year.

A four-stroke 100cc motor-cycle will hit the market by September 1990. In 1991, a three-wheeler, which can be small taxi or a goods carrier, will be offered.

Kach of the five models has been carefully positioned in the market. The Sunny is more expensive than a moped, but cheaper than other scooters available. Stride, with its slick, Italian-designed body

Gita Piramal finds India's top scooter models to burn off its Japanese rivals

than a quarter of a century, Bajaj Auto never had to seriously advertise. Until a couple of years ago, there was a 20-year waiting list and even today demand far outstrips supply. In the last nine-month financial year, the company produced 427,326 scooters against a demand for 2.1m units. "But such lists can evaporate overnight," says Mr Bajaj. To keep demand vigorous, a campaign portraying the high resale value of a 17year-old Bajaj scooter has been

Mr Bajaj has constantly been lobbying the government to allow him to expand pro-duction facilities. Under the slightly more liberal atmo-sphere of the Mr Rajiv Gand-hi's administration this has met with limited success. In November 1985, production Acceptable to the second solution of a 350,000 unit per year plant at Waluj. Over the next four years, Bajaj Auto will spend more than Rs4bn in two phases to bring the Waluj facility to the 1m unit mark. If there is a speck of dust in Bajaj's carburettor which could slow its drive down the fast track, it may turn out to be the labour force. Last year an eight-month strike at Waluj crippled production. Though workers reentered the factory gates in July last year, the tra-

ditional three-year contract with the main union expired this March and is currently being renegotisted. Mr Bajaj acknowledges: "There is always the possibility of a strike when such negotiations are taking place."

f it's tough being number one, it's even tougher staying number one, as Mr Rahul Bajaj, chairman of Bajaj Auto, India's largest manufacturer of scooters and threewheelers, knowe only too well. In spite of enjoying an awe-some 42 per cent of the Rs20bn (US\$1.21bn) Indian two-wheeler market, Bajaj Auto is leaving no avenue unexplored to further increase its sales (Rs8.3bn on an annualised hasis) — even as hig Japanese players, such as Honda, Suzuki and Yamaha, with their Indian

Last month the company signed an agreement with the Orbital Engine Company, the Australian company headed by the inventor, Mr Ralph Sarich,

new two-wheeler models and one new three-wheeler over the next 18 months. The first off the drawing board – by October – will be the Bajaj Sunny, a 50cc scooter of which the company expects to sell 90,000 models a year. Two 150cc scooters, Stride and Leg-

maker planning new

and cost-efficient price tag. will directly challenge Kinetic, Honda's 100cc model. Stride's cousin, the Legend

Stride's coasin, the Legend, will be an update on the evergreen Chetak, while it is hoped the new motor hike will revitalise stagnant sales of the Kawasaki-Bajaj model. The new three-wheeler will belp maintain the company's formidable 75 per cent share of this specialised market.

Advertising has been simul-Advertising has been simul-taneously beefed up. For more

singularly successful in reaf-firming customers' faith in the old workhorse.

NOTICE OF REDEMPTION

HMC MORTGAGE NOTES 2 PLC

Class A Mortgage Backed Floating Rate Notes Due February 2015

NOTICE IS HEREBY GIVEN to the holders of the Class A Mortgage Backed Floating Rate Notes Due February 2015 (the "Class A Notes") of HMC Mortgage Notes 2 PLC (the "Issuer") that, pursuant to the Trust Deed dated 23rd February, 1988 (the "Trust Deed"), between the Issuer and The Law Debenture Trust Corporation p.l.c. as Trustee, and the Agency Agreement dated 23rd February, 1988 [the "Agency Agreement"], between the Issuer and Morgan Guaranty Trust Company of New York [the "Principal Paying Agent") and others, the Issuer has determined that in accordance with the Redemption provisions set out in the Terms and Conditions of the Class A Notes, Available Funds as defined in the Terms and Conditions in the Janouant of the 250 000 will be utilized on 23rd August, 1989 (the "Redemption Duty") to redeem a like-£8.500,000 will be utilized on 23rd August, 1989 (the "Redemption Dute") to redeem a like amount of Class A Notes. The Class A Notes selected by drawing in lots of £100,000 for redemption on the Redemption Date at a redemption price (the "Redemption Price") equal to their principal amount, together with accrued interest thereon are as follows:

OUTSTANDING CLASS A NOTES OF £100,000 EACH BEARING THE DISTINCTIVE SERIAL NUMBERS SET OUT BELOW

Bearer Notes										
1688	1771	1968	2078	2241	2435	2647	2796	2022	3102	3211
1702	1777	t982	2t t5	2257	2447	2657	2819	2939	3104	3216
1708	1827	1990	2138	2273	2466	2701	2824	2912	3125	3.2.7
1718	1841	1992	2151	2275	2487	2706	2832	2949	3127	3
t7t9	1860	2001	2153	2331	2541	2709	2869	3002	5131	271
1737	1873	2011	2178	2352	2542	2748	2870	3008	3119	
1739	1906	2043	2306	2388	2603	2753	2880	3016	3165	
1766	1022	2044	2226	9417	2642	2584	2412	2017	2101	

The Class A Notes may be surrendered for redemption at the specified office of any of the Paying Agents, which are as follows:

Morgan Guaranty Trust Company of New York
PO Box 161
1 Angel Court
London ECCR 7AE Banque Internationale a Luxembourg S.A. 2 Boulevard Royal L-2953

Morgan Guaranty Trust Company Avenue des Aris 35 B-1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York 30 West Broadway New York, New York 10015 Attn: Corporate Trust Operations

In respect of Bearer Class A Notes, the Redemption Price will be paid upon presentation and surrender, on or after the Redemption Date, of such Notes together with all unmatured coupons surrender, on or after the Redemption Date, of such rootes together with all unmatured couponics and talons appertaining thereto. Such payment will be made (it in sterling at the specified office of any Paying Agent in London or [ii] at any specified office of any Paying Agent listed above by sterling cheque drawn on, or at the option of the holder by transfer to a sterling account maintained by the payee with, a Town Clearing branch of a bank in London. On or after the Redemption Date interest shall cease to accrue on the Class A Notes which are the subject of this Notice of Redemption.

> HMC MORTGAGE NOTES 2 PLC By: MORGAN GUARANTY TRUST COMPANY HE NEW YORK, as Principal Paying Agent

Dated: August 9, 1989

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance. Act of 1983 unless the paying agency has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the Payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent if presenting your Class A Notes to the paying agency's New York Office.

Notice of Redemption To the Holders of

Monsanto Company

94% Series A Notes Due 1991

NOTICE IS HEREBY GIVEN that, pursuant to Paragraph 6(a) of the above-described Notes 1"Notes"), all of the outstanding Notes will be redeemed on September 11, 1989 ("Redemption Date") at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the Redemption Date (for a total payment of \$5,310.10 per \$5,000 principal

The Notes will become due and payable on the Redemption Date. Payment of principal and d interest will be ma together, in the cases of Notes issued in bearer form (the "Bearer Notes"), with the appurtenant coupons maturing subsequent to the Redemption Dare, at the main offices of Citibank, N.A. in London, Brussels, Paris, Amsterdam, Frankfurt and Milan; the main office of Citicorp Investment Bank | Luxembourg) in Luxembourg and the main office of Citicorp Investment Bank (Switzerland) in Zurich. Notes issued in registered form [the "Registered Notes") may be presented and surrendered for payment at Citibank, N.A., Corporate Trust Services, 111 Wall Street, New York, New York 10043, U.S.A.

Interest accrued on the Notes to the Redemption Dare will be paid as specified above, and on and after the Redemption Date, interest will cease to accrue on the Notes. All unpaid interest installments represented by coupons which shall have marured prior to the Redemption Date shall continue to be payable to the bearers of such coupons, and the holders of the Bearer Notes called for redemption shall receive such unpaid installments of interest only upon their presentation and surrender of coupons representing such installments.

Dated: August 9, 1989

Monsanto Company

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number [social security or employer identification number] or exemption certificate of the Payee. Please furnish a properly completed Form W.9 or exemption certificate or equivalent whal presenting your Notes for payment within the United States.

SABRE V LIMITED US\$185,000,000 Floating Rate Secured Notes Due 1992

For the 6 months period 7th August, 1989 to 7th February, 1990 the Notes bear the interest rate at 8.5% per annum US\$4,344.44 will be poyable from 7th February, 1990 per US\$100,000 principal amount of Notes.

FIGHTER LIMITED U.S.\$80,000,000 ured Floating Rate Notes due 1983 Interest Rate 6.965% p.a. Interest Period August 9, 1989 to February 9, 1990. Interest Psystel per US\$100,000 Note US\$4,531.00. August 9, 1989, London By Litbank, N.A., (CSSI Dept.), Agent Bank



DKK 600,000,000 Floating Rate Notes due 1993

Tranche 8 of DKK 300,000,000

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 9th August, 1989 to 9th November, 1989, the Notes will bear interest at the rate of 9.4375 per cent. per annum. Coupon No. 12 will therefore be payable on 9th November, 1989 at DKK6,029.51 per coupon for Notes of DKK 250,000 nominal.

KANSALLIS-OSAKE-PANKKI

CORPORATE SECURITY The Financial Times proposes to publish this survey on:

OCTOBER 3RD 1989 For a full editorial synopsis and dvertisement details, please contact:

JONATHAN WALLIS on 01-873 3565 or write to bim at: Number One Southwark Bridge London

FINANCIAL TIMES

FIRST AUSTRALIA PRIME INCOME INVESTMENT COMPANY LIMITED International Depositary Receipts

Morgan Guaranty Trust Company of New York Notice is hereby given to the stareholders that:

Payment of coupon aber 10 of the International Depository Receipt will be made in US
dollars on or after August 22nd, 19% at the rate of US\$ 0,09315 per ordinary share at the
following offices of Morgan Guaranty Trust Company of New York:

- New York, 30 West Broadway - Brossels, 35 avenue des Arts - London 1 Angel Court - Frankfurt, 44/46 Mainzer Landstrasse

dividend is not subject to any Australian tax. The Belgazo withholding 12x will be disable to 10R holders presenting their coupons to the office of the Depositary without appropriate Belgian non resident certificate.

MOROAN GUARANTY TRUST COMPANY OF NEW YORK BRUSSELS OFFICE AS DEPOSITARY

Gold Fields

Notice to holders of Ordinary Share Warrants to Bearer Special Interim Dividend

Following the announcement by Hanson PLC ("Hanson") that its increased offer for the whole of the issued share capital of the Company (the "Increased Offer") has been declared wholly unconditional, the Directors of the Company have declared a special interim dividend in respect of the year ended 30 June 1989 of 30 pence net per fully paid Ordinary share, inter alia, on the Ordinary shares in issue at the close of business on

Monday, 7 August 1989. This special interim dividend will be paid to Holders of Coupon No. 147 detached from Ordinary Share Warrants to Bearer on Thesday, 29 August 1989, or at the expiration of six clear days after lodgement thereof, whichever is the later:-

6 ct 8 Boulevard Haussmann, 75009 Paris

Barclays Bank PLC. Stock Exchange Services Department, 54 Lombard Street, London, EC3P 3AH oris Parls at: Credit de Nord

or in Zurich at:

45 Bahnhofstrasse, 8021 Zurich Holders of Ordinary Share Warrants to Bearer who lodge or have lodged valid acceptances of the Increased Offer, accompanied by the Share Warrant to Bearer and Coupon No. 147, on or by Wednesday, 23 August 1989, will be paid the special interim dividend on Tuesday, 29 August 1989 or, in respect of any such acceptances lodged after Wednesday, 23 August 1989, at the expiration of six clear days after lodgement thereof, by Lloyds Bank Pic, Registrar's Department, Goring-by-Sea,

Union Bank of Switzerland,

The state of the state of the state of Consolidated Gold Fields PLC 31 Charles II Street, St. James's Square, London SW1Y 4AG

Worthing, West Sussex BN12 6DA

major markets. The anticipated return to profitability will be influenced by future fluctuations in the figure was lifted to \$55.8m by a \$7.6m tax credit

BOTSWANA RST, the nickel

production problems at its Selebi-Pikwe mine and smelter

Interest income lifts Shun Tak By Michael Marray in Hong Kong SHUN TAK Enterprises, the ferry operator which carries where casinos are legal, unlike

in the British colony - surged

last year following the intro-

duction in 1987 of simpler

entry formalities for Hong Kong citizens. Overall traffic growth in the first half of this year was only 0.9 per cent. With its fleet of high-speed jetfolls, however. Shun Tak increased its own market share from 66.4 to 70 per cent in the first half of the

A new ferry service between Hong Kong and Taiwan has suffered in the wake of the crisis in China, however, and a company statement said that its viability will be reevaluated later this year. Many Taiwan-

were using Macao as a convenient jumping-off point for China, to which direct travel is prohibited, but the number of Taiwanese visitors to the mainland has slumped since the June crackdown in Peking. Over the past year Shun Tak has diversified into property

the busy tourist area of Kow-Two sites for residential development were bought early this year, prior to the events in China, which have cast a shadow over the local property sector. However, Mr Ho said Shun Tak would continue its existing investment policies in

Hong Kong and Macao.

investment, with the purchase

of a basement retail arcade in

SEI 9HL

TO THE SHAREHOLDERS OF THE POHJOLA INSURANCE COMPANY LTD.

Exchange of share certificates and free share marking

An amendment of the Insurance Companies Act took effect in Finland on 15 July 1989. The amendment restricts foreigners' right to own shares in Finnish insurance companies and their voting rights. According to the amendment all shares of the Pohjola Insurance Company Ltd. became restricted shares which may not be transferred to a foreigner. However, foreigners are entitled to retain the shares they owned when the act

Under the new act, foreigners are entitled to huy only shares which have been marked to the effect that they can be transferred to foreigners. Foreigners can, on the conditions set forth in the act and, within six months as of the coming into force or the act, submit a claim demanding that the Pobjols shares in their ownership be marked in the above manner. The right to free share marking is forfeited unless the claim is submitted

The share certificates submitted for marking will have to be exchanged since free share marking can be effected only by printing. For practical reasons, also the other Pobjols share certificates will be exchanged in the same connection. The company requests:

- 1) All shareholders to exchange their share certificates during the period 17 July-29 September 1989.
- 2) Those foreign shareholders who are entitled to free shares to suhmit their claim for marking in connection with the exchange of share certificates.

Pohjols share certificates to he exchanged and claims for free share marking can be submitted to all Kansallis Osake-Pankki offices in Finland. Share certificates can be exchanged even after the abovementioned period of time. Interim certificates will be handed over in exchange for the submitted share certificates. If a shareholder has not previously registered hts title, he will have to submit clarification of his ownership when he submits his share certificates for exchange. The new share certificates will be delivered against duly receipted interim certificates at the place where the exchange was effected on a date to be announced later.

A separate memorandum of the free share marking has been drawn up. The memorandum has been sent to all foreign shareholders of Pohjola who have been entered into the share register and by Finnish banks and stockbrokers to their foreign securities secount holders. The memorandum is obtainable from the Securities Department of Pohjola's head office and from the Kansallis-Osake-Pankki office in Aleksanterinkatu, Trustee Services, Kluuvikatu 2, 00100 Helsinki.

POHJOLA INSURANCE COMPANY LTD.

These securities having been sold, this announcement appears as a matter of record only,

August 8, 1989



Mizuno Finance Netherlands B.V.

Amsterdam, The Netherlands

DM 100,000,000

Private Placement 71/2% Bearer Bonds Due 1993

Keep-Well Agreement by

Mizuno Corporation Osaka, Japan

Sumitomo Bank (Deutschland) GmbH

Bayerische Vereinsbank Akuengesellschaft

BHF-Bank

Dresdner Bank

New Issue

Morgan Stanley GmbH

Schweizerische Bankgesellschaft (Deutschland) AG

Schweizerischer Bankverein

(Deutschland) AG

Trinkaus & Burkhardt

WORLD **ECONOMY**

The Financial Times proposes to publish this survey on:

26 SEPTEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

> NIGEL BICKNELL on 01-873 3447

or write to him at:

Number One Southwark Bridge London SEI 9HL

FINANCIALTIMES

MOBILE COMMUNICATIONS

The Financial Times proposes to publish this survey on:

20 SEPTEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

> JEREMY M BAULF on 01-873 4026

or write to him at:

Number One Southwark Bridge London SE1 9HL

FINANCIAL TIMES

INTERNATIONAL CAPITAL MARKETS

Algeria strives to master its debt

Francis Ghiles on the country's coherent policies for loan repayment

lgeria has, so far, confounded predictions that the 43 per cent decline in real income that it suffered in the wake of the collapse in the price of oil in 1985-88 would force the Government into rescheduling the country's oil and real suffered in the su ment into rescheduling the country's external debt of

ment into rescneduling the country's external dabt of \$210n.

This is in spite of the fact that debt service payments, as a percentage of exports of goods and non-service factors, rose from 35.1 per cent to an estimated 77.2 per cent over the three years to 1983, a year which witnessed the worss riots Algeria had witnessed since independence.

Over the past six months, Algeria's leading creditors — France, Italy, Japan and Spain — have all extended large new lines of credit, thus effectively refinancing older debt. These loans have been instrumental in avoiding a rescheduling, as state credits account for roughly two thirds of the overall debt, the bulk of the remainder being held by commercial banks.

The Algerian Government, for the part is making a deter-

mercial banks.

The Algerian Government, for its part, is making a determined effort to reduce the arrears which have built up with foreign companies, nota-bly French ones, over the past three years. The amount of money involved, if arrears and disputed claims are added,

amounts to FFr3m.

The visit paid last week by Mr Pierrs Bérégovoy, the French Minister of Finance, to his counterpart in Algiers, Mr Sid Ahmed Ghozali, thus set the seal on much improved financial relations between the two countries.

Last spring, Mr François Mit-terrand, the French President, entrusted Mr Claude de Kem-oularia, the former French ambassador to The Hague and one time Paribas banker, with an exploratory mission aimed at clarifying, with Algerian officials, the exact state of affairs where arrears and disputed claims were concerned. Agreement on what has to be paid has been reached on about one third of French

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Ireland 7½ 99.
Malaycia 6½ 94.
Nat. West Bik Pic 6 98.
N.H.L. Frinance 6½ 95.
Nippon Tellg, &Tel. 6 95.
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Portugal 5½ 92.
Portugal 6½ 95.
Privatbanien 5½ 93.
Royal Insurance 5½ 92.
Turkey 6½ 93.
Union Bik Fioland 5½ 94.
World Bank 6 98.

| Change as | Issued | Bid | Office day week Yield | 150 | 102½ 103½ -0½ -1½ 8.60 | 250 | 103½ 104½ | 0 -1½ 8.74 | 250 | 103½ 104½ | 0 -1½ 8.74 | 250 | 100 103½ 103½ -0½ -1½ 8.29 | 100 103½ 103½ -0½ -1½ 8.29 | 100 103½ 103½ -0½ -1½ 8.59 | 150 101¼ 102½ -0½ -1½ 8.63 | 150 101½ 102½ -0½ -1½ 8.63 | 160 101½ 102½ -0½ -1½ 8.64 | 160 101½ 102½ -0½ -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.63 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ -0 -1½ 8.72 | 150 101½ 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ | 150 102½ |

claims outstanding and agreement is near on another third.

Two factors lie behind the efforts currently under way in Algeria.

The first is the steady price of oil, which suggests that the country's oil and gas monopoly, Sonatrach, will, this year, be able to improve its foreign income by at least \$10n compared with 1988, to \$8.3bn. A further \$700m should be added,

The visit paid last

week by Mr Pierre Bérégovoy (right), the French Minister of Finance, to his counterpart in Algiers, Mr Sid Ahmed Ghozali, set the seal on much improved financial relations between the two countries.

to be paid by Gaz de France and Distrigaz of Belgium respectively, following the set-tlement of long-standing dis-putes over the volume and price of Algerian Liquefied Natural Gas (LNG) shipped to the two European countries. Non-oil exports will contribute a further \$600m, hringing Algeria's total exports to at

The second factor is that Algeria has developed, in the wake of last October's bloody riots, a coherent set of policies where marketing its LNG and managing its \$20hn-21hn for-eign debt is concerned. Between 1985 and last October, the authorities had done little more than cut back imports and pray for the price of oil to go up, while continuing to maintain a very hard line with the country's existing and potential clients for LNG, thus depriving themselves of much needed income. Foreign debt payments were scrupulously honoured, to the plaudits of

FT INTERNATIONAL BOND SERVICE

Deutsche Bk.Fin. 1.5 94 AS
Eastman Kodak 1.3 90 AS
E.L.B. 7 96 LFr.
E.L.B. 7 96 LFr.
E.L.B. 7 96 LFr.
E.L.B. 7 99 Ecv.
Fod Bus. Dv. 8k. 10 4 93 CS
Ford Cred. Can 10 7, 93 CS.
Ford Cred. Can 10 7, 93 Ecv.
Ford Cred. Can 10 7, 93 Ecv.
Ford Mtv. Cred. 7 7, 93 Ecv.
G. M. A.C. Ganada 11 3, 49 4CS.
Helpeken 7 7, 99 FL.
Hydro-Quebec 11 99 CS.
Lloyds Bank 10 4 98 S.
Lloyds Bank 10 4 98 S.
Lloyds Bank 11 4 98 S.
Lloyds Bank 11 1, 98 CS.
Morgan Guar. Tst. 11 91 CS.
Morgan Guar. Tst. 11 91 CS.
Nat. Act. Bk. 144, 93 CS.
Morgan Guar. Tst. 11 91 CS.
Nat. Act. Bk. 144, 94 CS.
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international banks which, however, proved less than interested in lending fresh

money to Algeria.

Foreign observers, for their part, estimate that Sonatrach's hard-lina gas policy cost Algeria an estimated \$13bn in lost express, between 1979 and lost exports between 1979 and

Algeria has also launched a vast oil exploration campaign. in the southern part of this



enormone country which remains largely unaxplored.
Companies such as Agip, Broken Hill, Total, Cepsa and
Anandarko Petroleum have Anandarko Petroleum have already signed agreements with Sonatrach where those in charge of exploration are displaying a certain pragmatism. This enables them to get around those provisions of the more liberal 1986 legislation still considered too restrictive, notably the one which stipulates that the share of a foreign company in field production cannot exceed 49 per cent. Such pragmatism stands in sharp contrast to the dour dogsharp contrast to the dour dogmatism which was de riqueur under Mr Belkacem Nahi hetween 1979 and 1988. Mr Sadek Boussena, the new Min-ister for Energy, means busi-

Société Générale and Banque Nationale de Paris have just received authorisation to open representative offices in

Algiers.
The greater availability of

external financing will also improve Algeria's foreign

improve Algeria's forsign account this year.

Multilateral funds will come from the IMF, which in June approved an SDATU. Mn package of loans, the World Bank, which is increasingly active in the country, and various development banks (altogether flows from these sources will top the \$1hn mark). In addition, new trade facilities negotiated with France, Italy, Spain and Japan, are worth an estimated \$2hn \$3hn. Bilateral aid will add a further \$500m.700m. Not lending from commercial banks could amount to \$250m, while international bonds (two D-Mark issues have been well received so far this year) and leasing arrangements with Japanese companies will raise at least \$300m.

Meanwhile. Algeria is to start repaying some of the esti-mated \$1.5bn in short-term funds it raised between 1985 and 1988. This should ensure capital inflows in excess of

Owing to a bunching of for-eign payments failing due last year, debt amortisation increased by \$900m to \$4.6m, a figure which will decline by a modest \$200m in 1989. The cur-rent account moved from a sur-plus of \$100m in 1987 to a defi-cit of \$500m last year. The IMF expects this figure to be cut to \$500m in 1989, while gross reserves (excluding gold). reserves (excluding gold), which at the end of last year were equivalent to only 1.4 months of imports of goods, are being slowly rebuilt.

International banks remain cautious about increasing their Algerian risk but appear to be willing to lend amounts equiv.

Algerian risk but appear to be willing to lend amounts equivalent to the 15 per cent downpayment Algerian borrowers need for contracts which carry a guarantee from leading western export credit guarantee agencies, most of which have not downgraded Algerian risk. As for the discount Algerian paper carries in the secondary market, where it trades at market, where it trades at 79-80, this is largely academic as virtually no paper is to be found.

SIA mergers 'down from 1988 peak'

Closing prices on August & Change on Change on 80 101 \(\text{101} \) 101\(\text{101 MERGERS OR acquisitions involving the approximately 600 companies that belong to the Securities Industry Associ-ation (SIA) reached a peak of .25 in 1988 but have slowed since then, according to new statistics from the trade group. Activity in 1988 was tha highest since the SIA started tracking the data early in the decade and compared with 19 such fransactions in 1987. In the first five months of this year, members were involved in four mergers or acquisitions. "It [merger activity] tends to be a lagging indicator," said Mr Adrian Banky, executive vice president and general manager of the SIA. "When markets turn up, consolidation turns down on a lagging

basis.
Mr Banky said the merger activity was market sensitive and hard to predict.

Mr John Kriz, an analyst with Moody's Investors Ser-vice, said future mergers in the industry were expected and would probably involva smaller firms that were less well capitalised, particularly regional firms.

Mr Kriz said the chief benefit of a consolidation was to

"spread out your fixed costs over a larger revenue base."
But he said mergers also had a few pitfalls. "Some of the brokers you hired could leave for any number of reasons," he said, and others could turn out to he less productive than expected. He said there was also a potential for technical problems in trying to combine back offices and other opera-

back offices and other opera-tional systems.

Mr Kriz, said that, when retail brokerage firms com-bined, the mergers did not eliminate the problem of too much capacity in the industry, although they could result in more efficient firms.

EOE to trade NMB options

THE EUROPEAN Options Exchange (EOE) will start option trading in the shares of Nederlandsche Middenstands Bank from August 21, Reuter reports from Amsterdam.

NMB is the smallest of the three listed Dutch banks and is

in the process of being merged with the state-owned Postbank. The merger, for which Minis-try of Finance agreement is expected in September, will involve a share swap in which the Govarnment acquires a large minority holding in the bank.

The state plans to sell most of this stake at a later stage.

NMB is the third bank to be traded on the EOE, where ABN and Amsterdam-Rottardam

Bank are already listed. NMB is the EOE's 24th share

INTERNATIONAL CAPITAL MARKETS

Treasuries rise modestly ahead of auction

By Janet Bush in New York and Katharine Campbell in London

US TREASURY bonds moved modestly higher yesterday morning in advance of the auction of three-year notes, amid expectations of hashthy demand at this week's quar-

terly refunding.

At mid-session the long bond was quoted is point higher for a yield of 8.05 par cent, while short-dated

GOVERNMENT BONDS

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issues stood as much as is Market talk is focused on what level of Japanese demand can be expected at this week's

Expectations generally are that Japanese investors will be most attracted to today's 10-year sale, but confidence was high yesterday morning that the rise in yields since last Friday's stronger-than-expected employment figures for July would help encourage good interest at all three

Tomorrow is by far the heaviest day of supply, with \$9.75bn of 30-year bonds and a \$15bu cash management bill

expect any further easing in interest rates nor any signifi-cant erosion in US inflation for the time being, the bond market has a strong undertone. Bond prices moved higher yesterday, in spite of a weakening in the dollar, which was quoted at its New York lows at mid-session of Y138.80 and near its lows against the D-Mark at DM1.8915.

Bond traders also noted that the debt market had stood up well in spate of a great deal of

supply.

Drexel Burnham Lambert noted that much corporate and municipal debt was priced last week but that there had been little negative impact as the

paper was distributed.

"In all, supply has been digested in an orderly way. This second phase of supply, therefore, may not end up being so disastrous," Drexel said in its market commentary. Economic news this week is expected to underscore a soft landing for the US. Forecasts for the July producer prices index due on Friday range from a flat number to a small gain and there are expectations that the US Federal Reserve's Tan Book, a compilation of

published today.

THE AUTHORITIES' efforts to take the steam out of the Japanese market have heen only partially successful.
Yesterday's loan recall worth
Y1,000bm, which was the Bank

of Japan's way of reasserting its contention that bonds have been infused with a speculative bubble, did knock the market off balance temporarily. But technical factors, nota-

bly the short squeeze occa-sioned by professionals covering short positions as they moved forward into the December futures contract, helped to preserve the market's momen-

The December 10-year future closed in Tokyo at 106.18, after a high of 106.29 and a low for the day of 105.97. The naming of Japan's next prima minister, Mr Toshiki Kaifu, left the bond market indifferent, as dealers do not

overestimate his future influ-

THE CHOICE of Mr Geoffrey Palmer as New Zealand's new Prime Minister had no discernible effect on that country's bond market either. Instead regional economic reports, will dealers focused on the fact that provide further evidence of a softening economy when it is the finance portfolio, and wal-

comed the continuity, although prices barely changed.
On Thursday, the authorities will auction the first tranche (NZ\$300m) of a new series of fungible bonds designed to become the new henchmark. The paper will carry an 18 per

cent coupon, to be redeemed by

15 February 1995. The target is for an issue totalling NZ\$1hn during the current financial year, although the authorities will be redeeming the equivalent in previous securities, so that in net terms no new money is

■ THE UK gilt-edged securities market posted gains of up to ½ point yesterday, helped by a stronger pound. Foreign invesfors are still exhibiting some interest which is particularly helping the medium sector of the market.

Meanwhile, shorter maturities are lagging other issues, suggesting scepticism about current theories of a base rate cut in time for the Tory party conference.

The 11% per cant Treasury stock due 2003-07 closed % of a point firmer at 1158.

		Coupea	Red	Price.	Change	Yield	Week	Mont
UK GILTS		13.500 9.750 9.000	9/92 1/98 10/08	107-08 98-14 98-16	+11/32 +11/32 +10/32	10.69 10.03 9.18	10.78 10.07 9.18	11.33 10.51 9.47
US TREA	SURY "	8.125 8.875	5/99 2/19	107-15 108-31	+3/32	8.00	7.68 7.81	8.03 80.8
JAPAN	No 111 No 2	4.800 5.700	8/98 3/07	97-09 106.7576	+0.475	5.05 4.98	5.03 4.92	5.24 5.06
GERMAN	Υ	7.000	2/99	102,4000	+0.300	6.64	6.59	8.64
FRANCE	BTAN	e.000 8.125	1/94 5/99	97.8855 98.6200	+0.195	8.56 8.33	8.44	8.86 8.66
CANADA	•	10.250	12/98	106.0250	+0.150	9.27	9.02	9.30
NETHERL	ANDS	7.000	3/99	100.1200	+0.350	8.98	6,93	7.07
AUSTRAL	IA.	12.000	7/98	95.0146	+0.530	12.90	13.13	13.50

Prices: US, UK in 32nds., others in decimal Technical Date/ATT AS Bring Sour

Electricité de France launches \$50m fungible issue

By Andrew Freeman

ACTIVITY ON Kuromarkets all but dried up yesterday, with syndicate man-agers and traders reporting one of the quietest days of the year. "The market is tricky, and arbitrage opportunities are limited. We are creating structures for some private place-ments, but the public business

INTERNATIONAL BONDS

is very quiet," said the head of one new issue department. A solitary deal emerged in London, a \$50m fungible issue for Electricité de France by JP Morgan. The bonds are fungible with the outstanding \$500m. 9½ per cent issue maturing in 1999, and were launched at a basis points. The paper was offered to investors slightly cheaper than the existing

The lead manager was quoting the paper on a constant spread of around 57 basis points over Treasuries and moved the price from inside full fees at less 1.85 bid to a discount equivalent to full fees at less 2 bid. The deal was not swapped and represented a continuation of the borrower's funding programme for the year. A JP Morgan official said it was a good example of how a benchmark deal can be used to obtain small borrowings at a

good funding rate without affecting the existing issue. In Switzerland, a private placement SFr300m four-year convertible deal was launched for Hokkaido Bank by Swiss Bank Corporation to an indif-ferent reception. The bonds were trading at less 3 bid, well outside 11/2 per cent co-manager's fees. In Germany, recent new

issues gained around 20 pfennigs in thin turnover, with traders describing a technical reaction to the recent fall in

The World Bank 10-year 6% per cent bencinnark issue was trading 25 prennigs higher at 99.30 bid, against 99.05 bid at Monday's close. • Our Euromarkets staff adds:

Manufacturers Hanover has

Barrowar

US DOLLARS
Electricite de France(a)
Nieshin Steet(b)
Misshin Steet(b)
Misshin Sanso(b)
Mispon Sanso(b)
Tokyu Car Corp.(b)

SWISS FRANCE Hokkeido Bank(c)++\$

illin-Oseko-Pankki(d) ◆

completed syndication of a £40m three-year term loan for a wholly-owned subsidiary of Minarva Corporation, a UK property company.

The loan is secured by a huilding at 250 Euston Road

which is leased to Prudential Assurance.

• Cheltenham and Gloucester Building Society, the UK's ninth largest, has established a

British Fonds Corporations, Dominion and Foreign Bonds.

Financial and Properties

\$750m US commercial paper programme.

• Ikano International, the Danish finance unit of Swedish group IKEA Svenska, plans to expand the activities of two Danish stockhrokers it

acquired last month and sees benefits from their co-opera-tion with its Koebenhavnske Bank, according to Mr Tom Larsen, an Ikano spokesman. **NEW INTERNATIONAL BOND ISSUES** J.P. Morgan Secs.

Nomura Int. Yamaichi Int. (H.Kong) Yamaichi Int. (Europei Yamaichi Int. (Europe) 100 (2) 112 SBC 15-71% New Japan Securities 1015 1992 warrants. \$Convertible. • Final torms. a) Fungible with issues (total \$500m) launched in by ½% from indication. c) indicated yield to put 4.072%. d) Redemption linked to Nikles

Swedish mortgage bonds surge in Denmark

By Hilary Barnes in Copannagen

SWEDISH mortgage bonds are proving a success on the Copenhagen Stock Exchange. Three Swedish institutions have made a total of five issues in the past six weeks and turnover in the Swedish papers accounts for 5 per cent of total bond turnover, said Mr

Danske Bank's broking company, Danskeboers. Sweden permitted non-residents to invest in Swedish bonds from July 1 this year, when restrictions introduced at the outbreak of war in 1939 were lifted. Bot a turnover tax

George Yelken, manager of

on interest-bearing securities in Sweden has made it attractive for the Swedish institu-tions to launch their paper in Copenhagen, which has one of the world's best-developed bond markets and where the Danish banks have substantial

placing power.
So far, the three institutions to take an advantage of Copenhagen are Sweden's biggest mortgage association, Stadshypotekskassan, Spintah and Svensk Fastighetskredit. A fourth institution, Sigab, associated with Swedish Handels-

bank, plans an issue shortly. Mr Yelken expects a steady flow of new Swedish issues over the next few months. There are also plans to launch two Norwegian issues in Copenhagen. This emphasises Copenhagen's importance as a Nordic bond market," be said. The Swedish papers carry a coupon varying from 11 to 11.5 per cent and the effective yield

is about 11.42 per cent. While the Danes have been encouraged by the success of the issue of Swedish bonds, they are irritated by regula-tions which, they fear, may keep other international issuers away from Copenhagen. In particular, they object to a rule setting a minimum con-

pon of 9 per cent. This rule was introduced to stop Danes making big tax-free capital gains at a time when yields were in excess of 20 per cent. "This rule can prevent Copenhagen from developing into a fully competitive inter-national market," said Mr

Tokyo SE set to admit companies listed on Nasdag

By Michiyo Nakamoto in Tokyo

THE JAPANESE authorities are planning to relax substantially rules governing the listing of foreign shares on the Tokyo Stock Exchange (TSE), in response to mounting pressure from the US to open the domestic securities market to greater foreign participatioo. An official confirmed that

present rules, which restrict foreign listings on the TSE to stocks that are trading on another exchange, are likely to be amended to allow companies listed on the US's Nasdaq over-the-counter market to qualify for the TSE.

The new rule is expected to be approved et e TSE directors meeting to be held on September 12, becoming effective in October. The change, however, is likely to apply to only the hetter established blue-chip Nasdaq stocks, such as Apple Computer or Intel.
The decision follows strong

requests from the US authorities, particularly from Mr Joseph Hardiman, chairman of the National Association of Securities Dealers, to open the Japanese market to more foreign participation. At the same time it reflects the growth of Nasdaq into a leading market. Companies listed on Nasdaq,

mission, however, have con-vinced authorities that some Nasdaq slocks would meet the requirements of a TSE listing. Meanwhile, the foreign sectioo of the TSE has been enjoy-ing a surge in interest as the recent strength of the dollar and Wall Street have enhanced the popularity of foreign stocks amoog local investors. Average daily volume has risen 21 times from last year's level to an estimated 2m shares.

mostly newer and riskier ven-

ture husinesses, do not qualify

currently for listing on the

TSE as Nasdaq listing require-

ments are too liberal to he acceptable to Japanese authori-

ties, particularly the Ministry

of Finance which is extremely

wary of exposing the Japanese

as well as the enhanced super-

vision of the market by the

Securities and Exchange Com-

The recent growth of Nasdaq

market to risks.

Some analysts, however, are sceptical as to wbether the rule change would generate interest among foreign companies in obtaining a TSE listing. The high cost of a listing, relative to the emount of trading on the foreign section of the TSE, could discourage many compa-

Egyptian authority backs merchant bank formation

By Tony Walker in Cairo

EGYPT'S Investment Authority has approved the formation of a merchant bank to be incorporated in Cairo, with the Kuwait Real Estate Investment Consortium (Kreic), owned by the Kuwait Investment Authority, as the leading shareholder. Other shareholders of the

new entity, to he called the Investment and Securities Group, include First Cairo Finance of Egypt, and El Mawarid Investments, part of the large Saudi El Mawarid investment house. Paid-up capital totals \$5m.

Mr Ahmed Foda, of First Cairo Finance, who will be

managing director of the new hank, said yesterday that the company would be involved initially in bond issues, syndicated loans and deht-equity swaps.

It was also interested in the setting up of mutual funds on a regional basis. He said the company's mandate was as an investment banking group with an involvement through out the Arab world.

Kreic will have a 49 per cent stake in the new group, with El Mawarid holding 30 per cent and First Cairo Finance 21 per cent. The company has been incorporated under Egypt's foreign investment law.

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

FT-ACTUARIES SHARE INDICES the Institute of Actuaries and the Faculty of Actuaries - Tuesday August 8 1989 EQUITY GROUPS & SUB-SECTIONS Est. Gross Earnings Olv. Yield% (Max.) (Act. at (25%) Day's Change stocks per section 1 CAPITAL G0003 (207) 1004.79 -4.80 11.63 19.57 999.37 993.75 987.84 \$18.49 +0.5 10.57 25.92 1218.47 1218.57 1228.91 1834.64 32.76 1624.46 2623.95 1615.47 1620.35 2 Building Materials (29) ... 2 Boroning Materials (27) 3 Contracting, Construction (38) 4 Electricals (9) 5 Electronics (30) 6 Mechanical Engineering (55) 1631.77 14.29 7.15 32.76 1424.4 1425.75 3415.47 3421.52 115.73 546.64 2772.12 2954.36 2994.28 2214.74 15.22 43.66 2284.37 2254.35 2241.55 1794.24 12.67 5.72 14.84 528.37 528.79 518.95 582.86 11.46 4.83 382.24 559.81 358.13 296.40 7.87 8.58 9.62 2277.88 55L22 19.22 10.36 8.72 8.02 8.84 8.43 7.70 5.90 7.86 9.41 8.32 9.67 10.62 363.82 324 14.16 3.49 14.65 2.63 17.16 1.45 19.98 3.12 17.56 3.79 13.49 4.36 15.49 4.82 13.49 5.16 11.28 3.94 12.72 2.14 18.52 4.63 10.46 4.55 12.29 25 Food Manufacturing (20) __ 26 Food Retailing (141_____ 2485.48 +0.5 +0.1 +0.4 +0.6 +0.3 +0.5 +0.5 +0.5 3420.16 905.24 563.21 34 Stores (34) 35 Textiles (15)... 9.57 6.69 11.05 9.57 8.39 11.23 204.45 18.99 1572.44 1561.65 1532.59 1185.91 28.92 1329.26 1322.35 1315.35 1867.55 26.22 1765.78 1757.86 1741.62 1227.33 1588.37 1337.66 +1.2 +0.4 +0.8 1787.13 | 10.2 | 17.57 | 17.50 | 12.27 | 26.72 | 1765.78 | 1757.86 | 1741.62 | 1277.35 | | 10.8 | 13.29 | 3.61 | 15.47 | 39.22 | 2477.87 | 3467.34 | 2458.64 | 1773.57 | | 10.8 | 12.23 | 4.54 | 11.61 | 22.38 | 1963.71 | 1962.81 | 1968.94 | 193.81 | | 10.8 | 10.8 | 13.74 | 29.86 | 1963.48 | 1953.85 | 1399.64 | | 10.8 | 13.59 | 13.52 | 20.83 | 1238.99 | 1231.98 | 1223.13 | 399.42 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 10.8 | 12.3 | | 1 48 Miscenaneous (26) -0.4 9.78 5.11 13.71 64.24 2197.30 2180.28 2154.57 1853.68 51 DII & Gas (14)..... 2188.23 1323.49 +0.2 9.21 3.79 13.55 24.38 1320.58 1312.74 1302.53 1062.61 59 500 SHARE INDEX (500).... 3.79 13.55 24.38 1322.58 1332.74 1382.53 1862.41 5.10 - 18.87 791.81 794.36 785.36 785.46 4.30 - 29.86 1887.97 1189.50 1175.81 1879.57 5.70 - 16.75 626.61 665.56 624.63 557.46 6.51 16.99 31.63 957.88 957.29 957.86 953.69 4.29 - 7.30 366.98 365.80 957.21 957.86 953.69 4.29 - 7.30 366.98 365.80 365.44 361.19 2.82 29.82 17.86 1393.49 1396.32 1378.91 1244.43 5.79 12.87 14.63 377.47 374.80 372.24 382.45 61 FINANCIAL GROUP (124)... 795.12 +9.7 21.79 +9.9 -+8.3 -+8.2 7.92 1198.22 631.61 953.39 69 Property (52) 377.68 10.66 7 15.47 1244.39 1238.46 1228.59 526.63 13.21 15.84 797.88 798.89 492.19 521.84 21.48 43.33 1493.29 1493.24 1414.67 1169.35 71 Investment Trusts (69) ... 1257.81 91 Overseas Traders (8) 1400.57 1194.55 +0.3 - 3.96 - 22.90 1191.07 1104.92 1176.27 971.38 Index Day's Day's Day's Day's Aug <

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PRICE INDICES	Tue Aug 8	Day's change	Mon Aug	xd adj. today	xd adj. 1989 to date	12	British Covernment Low 5 years Coupons 15 years	9.49 9.07 9.51	9.55 9.16 9.09	9.62 9.37 9.87
British Coverances 1 5 years 2 5-15 years 3 Over 15 years 4 Irredeemables	118.93 134.76 148.31	+0.53 +0.79 +0.87	118.53 134.00 147.15 168.62	-	7.13 8.36 7.38 7.32	45 6 7 8 9 10	Medium 5 years. Coopons 15 years. 25 years. High 5 years. Coupons 15 years. 25 years. 25 years.	10.35 9.50 9.13 19.48 9.71 9.31 9.65	18.46 9.58 9.21 18.60 9.78 9.38 9.13	19.07 9.57 9.27 19.17 9.74 9.34 9.61
5 All stocks	132.54 141.21 139.06 139.10	+0.20 +0.62	140.93 148.20 138.29	' <u>-</u>	7.94 1.36 2.33 2.24	11 12 13	Index-Linked Inflation rate 5% 5yrs Inflation rate 5% Over 5 yrs	2.94 3.50 2.18 3.34	2.97 3.54 2.23 3.38	2.9: 3.8: 1.9: 5.6:
9 Behenhers & Least.	114.52	10.47	113.99		6.16		Dels & 5 years Leans 15 years 25 years	12.61 11.84 11.23	12.61 11.98 11.37	10.8 10.8 10.8
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LONDON TRADED OPTIONS

recently, with 542m shares traded, index options saw 7,233 lots traded; on this occasion puts

(5,014) outweighed calls (2,219). Tha publication of Hoyleke's

offer document for its target BAT

Industries prompted e good deal of interest in the option, which is

also one of those expiring loday. Treders confessed to considerable doubts as to whether the

bidding group would successfully negotiete the legel hurdles in the US associated with the insurance

ACTIVITY ON the London Traded Options Merket yasterday wes spread across a variety of stocks, with a number of dealers indulg-In anticipation of today's August

replry.

The busiest day for more than a week, total turnover amounted to 42,353 lots, split between 27,890 calls and 14,463 puts. The preponderance of call buying is partly occasionad by pleyers switching from shares into calls, thue crystallising recent geins whits a still retaining some exposure to the market in the event that the cur-

rent run-up is sustained.
Yesterdey, the FT-SE index closed off the highs, but still posted gains of 8.8 points to finish at 2348.1. Business in the under-Oct Jan Apr Oct Jan Apr Alid Lyons 500 44 61 80 14 23 28 7519! 550 21 33 50 40 46 49

260 35 42 50 3 5 6 280 21 28 34 8 11 15 300 10 17 22 19 19 20

390 49 65 73 420 27 40 51

A total of 2,775 options changed hands, and the rolling was eppar-ent as the two most active series were the November 650 calle (700 contracts traded) and the August 650 calls (728 contracts traded).

lying sheres v

Plikin n. Rurrounded ag: assorted bid rumours, saw con-siderable activity, with 1,463 puts and 1,038 cells recorded. The August expiry elso contributed to yesterday's business, according to daalers. Here the largest volumes ware posted in the November 240 call series, where 585 lots

changed hands. British Gas continued to be the centre of attention for a while, with 2,454 options, concentrated in 2,030 puts. But the recent llurry of ectivity surrounding British & Commonweelth seeme to have died down, at least temporarily.

up el 2,110 contracts, as rumours of the 22bn bld for a British lood chain continued to swirl eround.

CALLS
Aug 367 307 257 208 160 111 67 35
Sep 365 315 267 220 173 130 92 60
Oct 382 333 285 299 195 153 113 81
Now - 300 254 210 170 135 100
Jun t 493 - 410 - 330 - 280 - 280 Aug 1 1 2 2½ 4 8 16 37
Sep 1½ 2 3½ 6½ 11 18 28 50
Oct 33½ 5½ 8 11 18 27 36 57
Nov - - 12 17 21 33 46 63
Jun t 27 - 40 - 65 - 90 August 8 Total Contracts 42,353
Calis 27,890 Puts 14,463
FT-SE Intent Calis 27(3) Puts 5014
**Underlying security price. It long dated explore eather

Scot. & New 360 25 50 61 1 14 18 (*354) 590 3 33 41 8 25 29

UK COMPANY NEWS - THE BID FOR BAT

Is the company in a position to compete or heading for decay?

Hoylake attacks growth record

1T WAS a very different approach taken by Sir James Goldsmith as be presented the Hoylake offer document yesterday, compared with that adopted when the hid was first launched a month ago. Then, he sped straight into questions. Yesterday, be delivered an hour-long attack on BAT's

record.
The same argument comprises the centre-piece of the offer document. "The case for this bid must rest on the answer to simple questions." writes Sir James at the ontset. "Has the existing management placed BAT in a position to compete successfully? . . . Or has it been managed in e way which could lead to progressive senescence and decay?"

In the document, Hoylake notes that the share of BAT's profits coming from tobacco

profits coming from tobacco has fallen from 74 per cent in 1978 to 46 per cent now, hut its shares remain at a similar discount to the FT-A Industrial Share index Price Earnings Ratio as they were then - a figure of slightly more than 30

This judgement by the mar-ket, argues Sir James, is justi-fied by BAT's record both on running the core business and

its diversification policy.

The four areas of BAT's pres ent business are dealt with separately in the offer document:

• Core tobacco side - it Core tobacco side — it claims that the share of the world cigarette market has declined since 1982, when the present chairman, Mr Patrick Sheehy, took up his post. In the US, it argues that the share is down from 13.3 per cent to 11 per cent. "Over the period, BATe tobacco division spent £722m on capital expenditure, its profits rose 4 per cent comits profits rose 4 per cent com-pound - and its world market share continued to decline.

This is contrasted with the record of Philip Morris, where Hoylake says £983m has been spent on capital expenditure, profits have risen 12.7 per cent and world market share has

Retail interests – it catalogues various diversifications which it claims were a failure and argues that "this grouping of disparate retail companies

forms a conglomerate within a conglomerate". It says that BAT saw a 2 per cent growth in retail profits between 1983 and 1988, and contrasts that with the likes of Marks & Spen-cer, Boots and Dillards Department Stores in the US.

• Paper - this is BAT's best story, says the document, noting that profits grew from £100m in 1983 to £186m in 1988, an average annual growth rate of 13.2 per cent. However, it adds that the more recent per-formance ehows "that profits have fallen from the 1986 peak and in its principle US market of carbonless paper, BAT has admitted to losing market

Financial services — it claims that "once again a disparate collection of financial services companies has been formed". Hoylake maintains that the Eagle Star record has been "snbstantially flattered" by an accounting policy which includes both unrealised and realised investment gains in the earnings used to compute earnings per share.

"This accounting engineer-

ing has added more than £500m in aggregate to the pre-tax profits of BAT since the acquisition of Eagle Star in 1984", it

For good measure, Hoylake also compares the BAT performance record against some other UK multinational conglomerates. snggesting that there has been a 67 per cent cumulative growth in earnings per share between 1983 and 1988 in contrast to 173 per cent at Lonrho, 238 per cent at BTR and 354 per cent at Hanson.

Not surprisingly, the comments are comprehensively rejected by BAT as "extremely slick and selective". Citing one example which it claims typities the Hoylake approach, it points to a quotation in the document. "Expansion of the group must come predominantly through the organic growth of our husiness." it reports Mr Sheehy as saying in the 1933 accounts. BAT pointed out yesterday that the quote reads on "..hut first we must take care to establish a range of activities that gives us the potential for such growth".



Getting their ideas in focus: Kerry Packer (right), Shr James Goldsmith and Jacob Rothschild yesterday presenting Hoylake's offer

Three types of securities on offer

Nikki Tait looks at the financing arrangements for the bid

NVESTORS who accept the Hoylake offer will exchange their BAT Indus-tries shares for three types of

securities.

For every 1,000 BAT shares, they will receive £4,250 nominal of Hoylake senior secured notes, secured on the cash raised from the disposal of certain BAT assets, \$4,182 nominal of subordinated notes, and 257 ordinary shares in Angle 337 ordinary shares in Anglo.

The offer document makes five health warnings', including the cantion that 'there can be no assurance that any active market for either class of Hoylake notes will develop.'

Anglo is an existing quoted company, earmarked earlier this year as the principal vehicle for Sir James Gold-smith's return to the UK acqui-

sinon trail.

If the offer is fully successful in its present form, Anglo will end up with 75 per cent of Hoylake (before taking account of an "override" scheme explained elsewhere on this page), which in turn will own 100 per cent of BAT.

Existing RAT shareholders

Existing BAT shareholders will have 92 per cent of Anglo while existing Anglo share-holders will retain the remaining 8 per cent.

The bare bones of this finan-cing were revealed when the bid was announced four weeks

consideration, which is put at close to £18.5hn, these two loan note tranches are said to account for £18.5hn, while the much enlarged Anglo equity is valued at at £2.9hn. This last figure is simply derived from taking the number of Anglo shares which would be in issue if the bid is successful, and multiplying by Anglo's recent market price.

Of the other two pieces of

• The senior secured notes will bear interest at various margins over Libor - starting with an initial margin of 3 percentage points per annum, which reduces to 2.5 per cent when certain security is in place and to 2 per cent when these notes are fully "cash collaterised." They will initially be secured on Hoylake's assets it. 100 per cent of the property in the control of the control of the center of the cente - its 100 per cent ownership of BAT and any distribution received by Hoylake of the net proceeds of disposals of BAT

Redemption will take place as to 50 per cent, 25 per cent and then 25 per cent of the notes approximately 18, 24 and 36 months after their issue. Bankers Trust has said it believed that if issued on August 4, the Hoylake notes would have had a value then of approximately par.

 Interest on the subordinated notes will be paid initially at 14.5 per cent per annum, rising to the higher of the initial rate

ago. Yesterday's offer document, however, gives the first full details of two pieces of Hoylake peper.

In terms of the total offer consideration, which is put at close to £18.5hn, these two loan note tranches are said to est payment date during the first two years from issue and by 0.25 per cent on each successive interest payment date

after that.
Interest in the first two quarterry periods will be paid to the holders of the Hoylake subordi-nated notes on the last day of the second quarterly period. Thereafter interest payments will be made on the last day of

each quarterly period.

The notes are subordinate to the senior notes. They can be redeemed at any time at par, and will be redeemed in full at

par four years after issue. In this case. Drexel Burnham Lambert has estimated a value of per, if they had been issued

on August 4.

The precise value of the offer was still being disputed by the defending camp yesterday, and the offer document itself puts forward five "health warnings" – ranging from the lack of assurance about the value of Anglo shares if the offer becomes unconditional, to the etatement that "there can be no assurance that any active

no assurance that any active market for either class of Hoy-lake notes will develop.

On the last point, the document makes clear that — at least at the outset — any direct marketing of the senior secured notes to US investors is effectively ruled out.

			'								
DIVIDENDS ANNOUNCED											
	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year						
BTS Group §fin	0.5	Sept 29	2.95	0.5	4.25						
Cap & Countiesint		Oct 2	4.25	-	10.5						
CIT			20	-	50						
Deres Estatesint			0.3		1.3						
Kingsgrangefin			0.75	0.75	1.5						
Life SciencesInt		Oct 16	0,5	•	1,6						
NFC Int		Sept 29		3.84							
Pacer Systems ∫		Dec 15	2.5	4.0.,	5.5						
Practical lov		D	3,211	3.21	4.2						
TH City of Londlin		Aug 31	0.73	3.4	2.65						
		Oct 6	1.31		5.13						
Trencherwood ∫	1,5	Cutto			42.6						

Dividents shown pence per attare net except where otherwise stated, "Equivalent after allowing for scrip issue. You capital increased by rights and/or acquisition issues. SUSM stock. \$SUnquoted stock. 4Third market. Acarries scrip option. AUS cants. Includes special 1.01p payment. Tincludes special 2.2p payment. Third interim. APayable to date. Forecast total of 7p will be increased to 7.5p.

Override facility included to compensate holders and investors for risk taken

By Andrew Hill

THE BID for BAT Industries includes the US-inspired refinement of a "profit over-

ride".

The override, say the predators' advisers, offers some compensation to the original Hoylake investors and existing Anglo shareholders for the risk taken in making

It also compensates Sir James Gold-smith, Mr Jacob Rothschild and their fellow investors for the loss of the £44m paper profit on their 1.25 per cent invest-ment in BAT. If the hid is successful that profit will be massively diluted by existing BAT shareholders' 92 per cent holding in

the enlarged Anglo. In simple terms, the override clause entitles existing shareholders of Anglo Group and the original Hoylake investors to 8 per cent of Hoylake's distributions of BAT proceeds, and any increase in the value of the company's equity.

For example: The subscription cost of Hoylake's issued share capital is roughly £3.5bn at the moment. At January 1 1992 an inde-pendent UK merchant bank or US investment bank will value Hoylake's issued

capital, which should be hoosted hy disposals of BAT's non-tobacco hus-

Original Hoylake investors and existing Anglo shareholders will be entitled to 8 per cent of the difference. If the value has increased to £4bn the eligible shareholders will receive £40m. They will also receive 8 per cent of any distributions of proceeds on BAT disposals.

That 8 per cent reward will be weighted in favour of the individual Hoylake inves-tors — an additional incentive for them to get the best price possible for BAT's non-tobacco interests and a reflection of the extent of their initial interest.

Hoylake investors will receive 40 per cent of the override; existing shareholders in Anglo - 74 per cent of which is owned by Sir James and Mr Rothschild - will

receive the balance.

in addition Anglo's existing shareholders will be able to participate in an issue of warrants, on the basis of one for every two shares held, exercisable at 550p per Anglo share, compared with the price of 439p before the BAT offer was

The override will be distributed in the form of Hoylake B' shares. Anglo will convert its share of the pay-out into profit participation shares (PPS), offered on the basis of one PPS for every 10 Anglo ordinary shares held.

Compared with US examples, the Hoy-lake override is said to be fairly modest and Hoylake advisers stressed yesterday that the major benefit for Hoylake and Anglo investors would come from their continuing stake in the group, rather than from the override.

If the offer is fully accepted, the original cash investors will be left with 25 per cent Existing BAT shareholders will have 92 per cent of the enlarged Anglo, and exist-ing Anglo shareholders will own the bal-

Anglo, in turn, will own the outstanding balance of Hoylake - some 75 per cent.

Assuming the minimum level of acceptances for the offer to be declared unconditional, accepting BAT shareholders would represent 78.8 per cent of Anglo's share capital, and Anglo would own 60 per cent of Hoylake's equity.

This announcement appears as a matter of record only.



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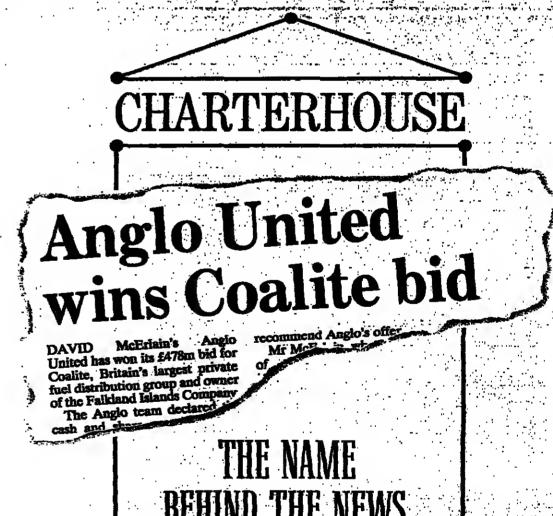
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Potential Made Possible

BARCLAYS de ZOETE WEDD

THE BID FOR BAT

Professor Jimmy books his ticket for Brazil

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UNCED

MEET Professor Goldsmith. too, his language became You have heard of Jimmy Goldsmith, international play-boy, and of Sir James Goldsmith, billionaire financier. smith, billionaire financier.
But yesterday another academic side to his character was revealed, as he lectured the assembled press on the indicacies of his consortium's bid for BAT industries.

Hundred at the restrict, he peered at his addinge over half-glasses, occasionally

half-glasses, occasionally using a long white stick to point to one of a series of projected charts illustrating many alleged inadequacles of the

alleged inadequacies of the RAT management.

He may have been expelled from Eton long before passing his A-levela, but this did not inhibit him from phunging into lengthy explanations of erudite subjects ranging from corporate governance and the nature of debt instruments to the technicalities of the Constitution of the United States.

But unlike a true professor,

But unlike a true professor, at one stage he had the grace to apologise about the length of his exposition.

rather less than scholarly. BAT was gully, he suggested, of "financial disengineering" by which he meant, apparently, that it destroyed value rather than created it.

BAT was bureaucratic, sprawling, and skillful only at protecting quasi-monopolies in distant lands. If BAT were misguided enough to fight on its record it would be "dead in

Throughout all this his Australian partner Mr Kerry
Packer sat impassively. But
eventually, in attacking the
tobacco giant's acquisition policles, Sir James popped in an
antipodean reference. "Compared to BAT, Alan Bond has
got iron self-discipline," he
said. Mr Packer briefly broke
into a smile, but stayed silent.
It was left to Sir James's
other partner in this deal, Mr
Jacob Rothschild, to offer verbal support. Unlike the intense
and flerce-eyed Goldsmith, Mr
Rothschild was clearly a man
with a conscience, and fretted
about short-termism. "I wish
there was a better method," he tralian partner Mr. Kerry

But there was a gap in the system, and Hoylake was determined to fill it.

"Good companies operated on sound principles don't get taken over," he claimed, going on to elaborate on the faults of BAT Industries. The group's acquisition policy, for instance, had been "quite hatty" though it was not clear whether or not file whether or not this was intended to be a pun.

One of the worst examples of excess, he alleged, was the client entertainment centre in Brazil. "Some of us have a cer-tain puritanical side to us." insisted the straightlaced Mr Rothschild.

But by this time he was clearly testing the unity of the Hoylake consortium. Up sprang a protesting Sir James Goldsmith. "I'm looking forward to going to see it," he said. "Unlike Jacob I'm not a purifice." puritan."

The professorial mask had slipped. Jimmy Goldsmith, playboy and darling of the gos-sip columnists, was back after all.

Hoylake's costs will total £165m if bid is successful

By Vanessa Houlder -

IF HOYLAKE'S £13km bid for BAT Industries succeeds, the costs involved will total about £165m, according to the offer-document published yesterday. And this takes no account of value added tax, much less of defence costs to be incurred by

BAT itself. If the figure appears comparatively modest for a bid of this size, it may be greatly increased if Hoylake is forced to alter the terms of its deal. Substantial underwriting fees might be incurred if Hoylake" was forced to offer cash as part

of the deal. in the only other bid of a comparable size, the \$24.7bn takeover of RJR Nabisco by Kohlberg Kravis Roberts last year, bankers and financial advisers of one sort or another Trust and Drexel will each picked up an estimated \$1bu in receive 20 per cent of Hoylake's fees, interest and stock.

The financial advisers acting for Hoylake will account for over a third of the total bill if the bid is successful. As expec-ted," the banking fees are heavily dependent on success, with an aggregate success fee of \$100m (£62.5m).

Drexel Burnham Lambert stands to win the lion's share of this success fee, claiming a minimum of \$50m, in addition to the \$5m it has already been

Hambros Bank, which is Hoylake's principal adviser, will be paid \$30m. Bankers Trust International, which has already been paid \$5m, will receive the greater of \$25m or a quarter of all fees paid to the financial advisers.

If the offer fails, Bankers profit on the sale of its BAT

shares. Hambros will receive \$5m. Hoylake will also pay the costs of the advisers and indemnify them against any losses or damages they incur in connection with the bid.

The offer document does not give details of its £165m bill which includes the costs of bankers, brokers, lawyers, accountants as well as the expenses involved in the issuing of Anglo shares and war-

Drexel Burnham also stands to win substantial fees if Hoy-lake is required to raise funds to finance the acquisition. The offer document says it has been retained for its customary fees, subject to agreement. In the KKR bid for Nabisco, Drevel Burnham was awarded at least \$227m for advising the firm and arranging a bridging

UK COMPANY NEWS

NFC ahead Charterhouse in Ward White talks and on By Philip Coggan target to CHARTERHOUSE BANK said any deal could include some of proposals are not expected to the other parties which have emerge till next week. yesterday that it was one of reach £89m

the parties offering buy-ont proposals to the board of Ward White, the retail group which is trying to fend off a £900m bid from Boots.

By Clare Pearson NFC, the largely employee owned transport and NFC. distribution group, performed in line with expectations against a background of depressed conditions in a numhave been agreed." depressed conditions in a num-ber of its markets during the

third quarter of the year. Pre-tax profits after profit sharing in the three months to June 10 showed a 33 per cent improvement, bringing the 36-week total to £53.5m, up from

£36.8m. Tha directors, who have maintained the practice of pro-viding a "best view" of the 12month profits result even after the company's Stock Exchange listing in February, continue to expect NFC to make £89m, a figure they increased by £2m at the interim stage.

A turnover increase of 27 per cent to £992.4m (£781.9m) would have been only 13 per cent but for the contribution from Allied Van Lines, the removals business bought in February 1988, and so included in both this and last year's fig-

ures for the first time in the third quarter. NFC said the aconomic slow-down in the UK hit into the results, particularly of Pickford's Travel, the package holidays business. Pickford's home removals and the truck rental operations were also affected. Meanwhile, lower occupancy levels and storage rates meant results of Tempco Union, the cold storage busi-ness, were well below those of

last year. Helped by two new centres for Tesco, the supermarket chain, started up in the third quarter, distribution activities, recently named Excsi Logistics, made £18.8m (£16.3m). Home Services made £13.4m (£10.7m) as Allied Van Lines was brought in.

Property aubatantially increased its contribution to £14m (£4.7m). Pickford's Travel slumped into losses of 24.4m, against a profit of £100,000. Profit sharing was maintained at 15 per cent of pre-tax

profits. Earnings per share totalled 10.9p (7.7p).

A third dividend of 1.35p. making 3.8p for the year so far, is declared, a 44 per cent spproached Ward White. Those parties are believed to include Shearson Lehman.

On Monday, Ward White denied that Bankers Trust, the US banking group, was among the parties involved. Mr Gra-Mr Sandy Muirhead, bead of UK corporate finance at Char-terhouse, said that "conversaham Walsh, a Bankers Trust tions had been fairly informal" and that "no firm proposals

The current proposals involve Charterhouse as sole adviser but it is possible that

employee, is a non-executive director of Ward White.

Any buy-out deal is expected to contain the usual mix of

equity, mezzanine debt and senior debt. However, detailed

Yesterday, Boots issued the document for its increased and

final offer of 445p per share. The circular entitled "Ward White: pedalling hard - going nowbere?" attacks the £33m interim profits forecast made by Ward White, saying that it gives no indication of like-forlike growth in the underlying businesses and depends on a low tax charge for earnings

The document also criticises

the performance of Ward White's subsidiaries saying that it has underinvested in Payless, the DIY chain, which now has "an uncomfortable position in an increasingly rompetitive DIY market."

Boots also argues that Ward White has been slow to reorganise A G Stanley, the decorative products chain and that the market position of Halfords, the bicycles and auto parts stores group, is not as strong as Ward White has suggested.

Newgateway

NEWGATEWAY, the bid

vehicle for Wasserstein Perella and Great Atlantic and Pacific

Tea Company, yesterday allowed its Don-plus offer for

Gateway, the UK food retailer,

to lapse. It currently owns about 40 per cent of the shares.

The battle for control of Gateway has already resulted

in victory for Isosceles, a

newly formed UK group which

throws in

the towel

By Nikki Tait

Yorkshire Radio to join USM

By Vanessa Houlder

VORKSHIRE Radio Network. an independent radio service operator is joining the USM in a placing that values it at

Panmure Gordon is placing 21m shares at 200p each, in order to reise about \$3.6m for the company. Dealings are expected to start on August

Yorkshire operates four independent commercial radio ser-

THE ANNUAL report of First

Technology, the security and safety systems company, reveals that Mr Samuel Alder-

son, one of its former directors, received total payments of £277,000 following his resigna-

His departure proved to be a

matter of some controversy

earlier this year during First Technology's fiercely fought, and ultimately unsuccessful bid, for Ricardo, the engine design company. In its defence document urging its sharehold-

GLYNWED International, the Midlands-based industrial

group, has bought Harrington Industrial Plastics, a Califor-

nian-based plastic piping dis-tributor, for \$15.5m (19.57m).

opposite.

computer.

By John Thornhill

tion in January.

By Philip Coggan

cable broadcasting service in Singapore. It also provides hroadcasting engineering ser-vices to the communications

ers to reject First Technology's final offer, Ricardo commented

on Mr Alderson's departure and attracted a libel writ for its

Mr Alderson joined First

Technology in February 1988

when it bought an 88 per cent stake in his US Humanetics

company, which was involved

in the business of making crash dummies and "phan-

toms" (human skeletons

encased in synthetic materials

which are used to help cali-

brate hospital radiological

division now represents around 12 per cent of turnover.

Harrington, which made pre-tax profits of \$4m on sales

of \$47m in 1988, is a major sup-plier to the semi-conductor

Glynwed expands US plastics side

It is forecasting pre-tax profits of £1.3m for the year to Septemher 30, compared with £389,000 in the previous year. The placing will be used to fund the purchase of the Singa-

vices in the Yorkshire and pore Group and provide work-Humberside area as well as a ing capital for future expan-

The flotation, which follows that of Invicta Sound, a Kent-based independent radio company, last month, marks a period of rapid growth of the quoted radio sector. The recent growth in advertising revenues

and the prospect of deregulato the market.

equipment).

tion have attracted companies First Tech boosts ex-director's pay-off

In January, Mr Alderson

resigned as chairman of Huma-

netics and as a director of First

Technology. He received \$111,000 for the early termina-

tion of his three-year contract

But he also received £166,000

not to compete with Humanetics crash dummy bus-

Mr Alderson has retained the

phantoms side of the business

and First Technology has

agreed not to compete with him in this market.

go-based Enfield, Harrington will provide the base for expan-

sion in the north American

market. Around 12 per cent of

Glynwed's turnover is gener-

ated in the US. Glynwed is pay-

ing an initial \$8.25m cash, with the balance due in one year

without interest.

won over 50 per cent of the shares and last month declared its bid unconditional. Newgateway said that it had originally kept its own offer open so that the possibility of Isosceles accepting its bid was not ruled out.

However, Isosceles quickly made it clear that, since it had secured victory, it had no such intention, and the Americans' advisers gave this as the reason for lapsing the bid yesterday. Newgateway, in the meantime, has also been free to acquire additional shares.

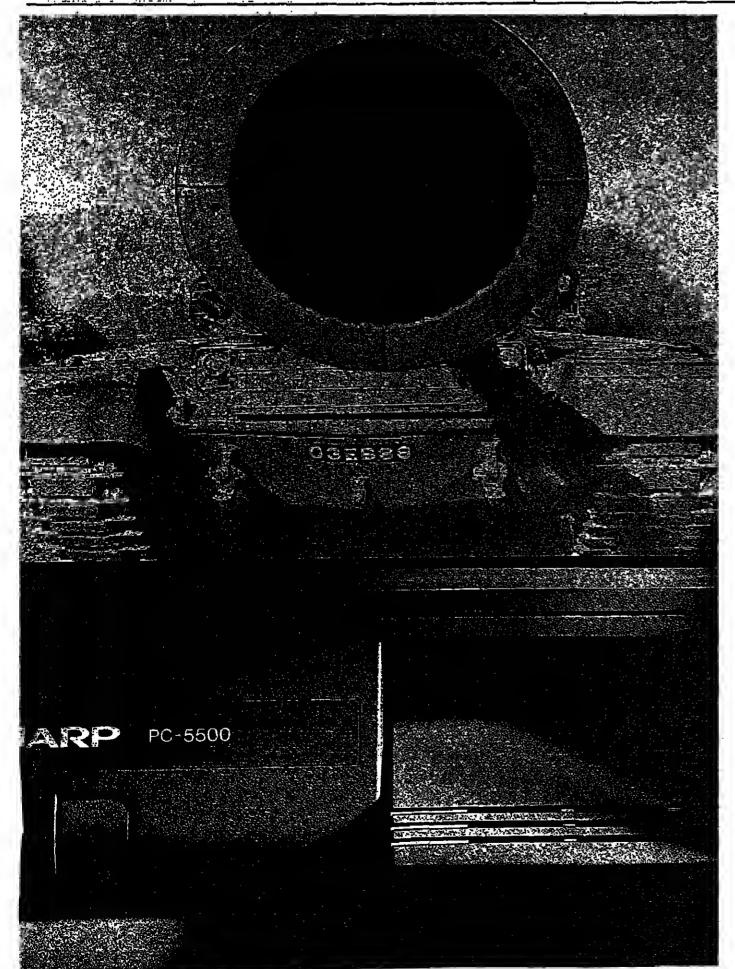
Talks between Newgateway and Isosceles are thought to have commenced with a view to resolving the current complex situation.

Practical Investment

Practical Investment Company bad a net asset value of 113.71p at May 31 1989 against 104.32p

a year earlier. Net revenue for the year fell from £982,000 to £743,000 for earnings per share of 3.72p

A serond interim dividend of 1.2p (1p) and a special dividend of 1.01p (2.2p) is being paid.



Glynwed has been expanding its plastics interests throughout the 1980s and the plastics industry. Although Glynwed already has a US plastics distribution operation in Chica-

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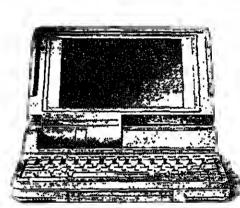
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Particulars of the Company are available in the statistical services of Extel Financial Services Limited. Copies of the Listing Particulars of the Company may be obtained during usual husiness hours (Saturdays and Bank Holidays excepted) up to and including 11th August, 1989 from the Company Announcements Office, The Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and up to and including 23rd August, 1989 from:

> Babcock International Group PLC 11. The Boulevard, Crawley West Sussex RH10 1UX N M Rothschild & Sons Limited New Court St. Swithin's Lane, London EC4P 4DU

Panmure Gordon & Co. Limited 9. Moorfields Highwalk, London EC2Y 9DS

Smith New Court PLC Cherwynd House, 24 St. Swithin's Lane, London EC4N 8AT

9th August, 1989

This advertisement is issued in compliance with the Regulations of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). Application has been made to the Council of The Stock Exchange for the grant of permission to deal in the Ordinary Shares of 15p each in Yorkshire Radio Network plc in the Unlisted Securities Market. It is emphasised that no application has been made for these securities to be admitted to listing. It is expected that dealings will commence on 14th August, 1989.



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Sheffield St IGP

Panmure Gordon & Co. Limited 9 Moorfields Highwalk

INTERNATIONAL FUND MANAGEMENT

The Financial Times proposes to publish a Survey on the above on

23 OCTOBER 1989

For a full editorial synopsis and advertisement details, please contact:

RICHARD BECCLE

on 01-873 4181 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

UK COMPANY NEWS

Prime target for a break-in

Frederick Cooper

Share price relative to the FT-A All-Share Index

Richard Tomkins on Cooper's attractions for Newman Tonks

T COULD well turn out to be a classic case of the biter being bit. Frederick Cooper, a mini-conglomerate with a three-year record of breathless takenyer activity is breathless takeover activity, is suddenly finding out what it is like to have someone else sit-ting on 4.9 per cent of its

shares.

Newman Tonks, the architectural hardware group which this week emerged as Cooper's unwelcome suitor, has been trying to talk down the possibility of a hostile hid. But few will be surprised if that is what emerges — if not from Tonks then from another quarter now Cooper has been thrown into play.

Cooper's attraction lies not in any BAT-inspired notions of its break-up value, but in the especial lure of one of the five operating divisions put together by chairman Mr Eddie Kirk: security and architec-

tural hardware.
This division, comprising six main companies making door locks under the Gibbons hrand and door furniture such as handles, knobs and letter boxes, serves a market that has seen rapid growth in the last few years.

last few years.
Much of this has to do with a surge in demand for security products prompted hy rising concern over crime rates. Another reason has been the increasing expenditure on refurbishment by householders and local authorities. But there have also been changes in the way hardware products are

In the domestic market locks and accompanying hardware used to be distributed through locksmiths and ironmongers, and were usually fitted solely hy the trade. Now, they are stacked high and attractively packaged in DIY superstores, and are fitted by householders as well as huilders.
In the industrial and com-

mercial market, meanwhile, locks and hardware are now rarely sold as separate items. hut come as part of a package of ironmongery supplied by a single manufacturer. The need for a comprehensive product range is therefore growing in importance. The hardware market offers scope for attractive margins because few companies are yet in a position to exploit the emergent trends. Alongside Cooper, itself still

By John Thornhill

tional factors.

BTS GROUP, the USM-quoted remoulded tyres group which is helng revamped by new

management into an office furniture husiness, announced pre-tax profits of £214,000 for the year to March 31 1989.

The outcome compared with

the previous year's £88,000 - although this figure was

affected by a series of excep-

Last year saw great changes at BTS. In November 1988, a new management team took over with Mr Michael Scorey

hecoming chairman and Mr

Janusz Heath chief executive. They rationalised BTS's husi-

nesses and closed down the

hesses and closed down the battery division, accounting for much of a £2.47m extraordi-nary charge. In March, they sold Portway Tool and Gauge,

By Edward Susaman

Two of the City's better known watering holes, Salters Court restaurant and the Pavilion

End pub, are being purchased by Resort Hotels for up to

Included in Resorts' pur-

chase of Lioncourt is an inn reputed to he the oldest in England ~ Ye Olde Bell Hotel in Hurley, Berkshire. It is said to date from 1135.

mainly confined to the domestic end, the best known names are Newman Tonks, Racal Chubh, and Yale and Valor. But others are keen to muscle

Newman Tonks, under chief executive Mr Doug Rogers, has already achieved a dominant position at the commercial end of the architectural hardware market, partly through acquisitions, and Cooper's hardware business would help it consolidate its position in the domes-tic sphere. But there is another, less obvious, reason why a hid could make sense.

The other most prominent of Cooper's divisions is electrical products, comprising five principal subsidiaries making or supplying cut-to-length cables and adaptors for the DIY sheds, connectors for comput-ers, wiring harnesses for cars, and switches for televisions

and telephones. While these activities have little in common with security products and hardware, the trend in locking systems -particularly on the commercial and industrial side - is towards increasingly complex electro-mechanical and elec-

tronic packages.

Newman Tonks has so far little expertise in electronics heyond its involvement in time-switches for central heat-ing systems, and it could argue that Cooper's electrical prod-

ucts division would bring relevant skills into the group.

Mr Kirk, who is well regarded in the City for his achievements at Frederick Cooper, has made it emphatically align that he would me. cally plain that he would pre-fer to keep his company inde-pendent. Recent events have, nonetheless, left it looking vul-

company claimed, to a considerable improvement in effi-

ciency despite fierce market.

centry despite fierce market.
conditions.

"We have done 75 per cent of
the work in terms of cost cutting. The ohvious things have
been done and now the hard
work starts," Mr Heath said.
The second stage of the man-

agement's strategy has been to diversify into the office equip-ment and supplies market. To this end, BTS bought Hilcon in March for up to 25m and Micro Marketing in May for up to

Further expansion and acquisitions are planned in line with BTS's stated intention of

becoming the UK's leading pro-vider of office services and products to the corporate mar-

of not less than £5.08m, with a 1987 book value for freehold and leasehold interests of

£3.87m, with debts exceeding film. In the year to September 30 it made pre-tax profits of £79,000 on sales of £2.2m Resort claimed irrevocable

acceptances from 55.2 per cent of Lioncourt's shareholders. It is offering 15.9 shares for each

BTS improves but incurs

Soft Fortway 1001 and Gauge.

BTS's specialised engineering subsidiary, to its management for £600,000.

The remaining tyre remoulding division has been substantially reorganised, leading, the Turnover fell from £11.74m to £10.78m. Earnings per share grew to 4.15p (1.57p) but the dividend is cut to a single 0.5p (total 4.25p). No interim dividend was paid.

Resort Hotels £3.72m purchase

sizeable revamp costs

When Mr Kirk, the 41-yearold former managing director of Amalgamated Metal Corporation's industrial division, took over as Cooper's chair-man in February 1986, the company was alling under a moun-tain of debt.

tain of debt.

He set about disposing of unprofitable subsidiaries and launched into an astonishing spree of acquisitions — mainly for paper — that averaged one every six weeks over the next two and a half years.

Profits grew rapidly — to 26.7m pre-tax in the year to July 1988 — and Kirk countered criticisms of the frequent that is sues by repeating a

share issues by repeating a commitment to achieving earnings per share growth above the UK average.

In the last few months, how-ever, the promise has turned sour. Lorlin Electronics, Coo-

per's most ambitions acquisi-tion to date, proved to be far less profitable than its accounts suggested when it was bought for £15.1m in June 1988, while Park Ruhner, postback hig acquisition in 1988. another hig acquisition in 1988, has suffered a sharp downturn in demand for the seals it sup-plies to the double glazing

Cooper's own brokers, URS Phillips & Drew, have consequently downgraded their profits forecast to £8.5m for the year to July 1989, implying earnings growth of virtually

This does not meen Cooper will come cheap. Mr Kirk pro-fesses himself pleased with Lorlin's recent performance and says it is growing strongly, albeit from a lower base than expected; and the downtum in demand for double-glazing

By Vanessa Houlder

PACKE SYSTEMS, the

defence contractor quoted on

the USM, yesterday announced a 31 per cent fall in pre-tax profits 'of continuing operations from \$446,000 to

\$306,000 (2191,250) for the six months ended June 30 1989.

The results represented an

improvement on the full 1988

figures, when the company

was thrown into loss after a

temporary funding freeze and the closure of its loss-making

Sea Data subsidiary. "This year is a recovery year," said Mr Jack Rennie, chairman.

"Basically we are on track."

However, tha first half

results were impaired by

delayed shipments after a fac-tory move and a problem with a supplier. Pacer also suffered

from a slight reduction in fund-

Pacer Systems on track

despite 31% downturn



Eddie Kirk: would prefer Cooper to remain independent

products is dismissed as a hiccup in an upward trend. Analysts expect Cooper's profits and earnings growth to bounce

back this year.

Newman Tonks, meanwhile, is likely to tread carefully if it comes to a bid. It is not so very long since last year's embar-rassing debacle when Hep-worth Ceramic swiped Henderson, the door maker, from under its nose after Newman Tonks thought it had secured the acquisition through an agreed takeover.

A few months later Tonks also paid a very fancy £19.2m to snap up J Legge, Britain's biggest remaining independent lockmaker, and it is still digesting a bout of more recent acquisitions in Britain and overseas - most recently that of the USM-quoted Laidlaw Thomson, a hardware distribu-tor which Cooper had also

hoped to grasp.
Cooper, though a desirable addition for Newman Tonks, is not an essential one. It would probably still like to bid, and has been careful to leave its options open: but even should it call a truce. Mr Kirk will face a tense few months while the market waits to see what other interest this activity flushes out.

end had increased by 37 per-cent to \$71m. Mr Remaie said

LWT offers payment choice in restructure

LWT HOLDINGS, the weekend LWT HOLDINGS, the weekend television contractor for the London region, will offer shareholders loan note and mexanine debt attenuatives to cash payment as part of its proposed capital restracturing. The details of the restructuring, which is intended to improve efficiency and ensure management loyalty in the run up to the reallocation of run up to the reallocation of ITV franchises in 1992, have not yet been revealed. But a number of institutional lavesnumber of institutional inves-tors have expressed concern at some of the initial proposals. One problem has centred on the proposal to pay investors a "cash sum in excess of 150p per share" in return for

company.

Some of LWT's investors have complained that such a payment would increase their exposure to capital gains tax and that they would rather be paid through different instru-

accepting an increase in man-agement's equity stake in the

However, Mr Don Webber, investments manager at Pearl Assurance, a major share-holder in LWT, said: "I don't

see how a loan note alternasee how a loan note alternative helps."
"It is just a device for deferring capital gains. We want to invest in equity."

Other criticism has focused on the fact that the proposed scheme involves borrowings in

the region of £100m and that the management may be pay-ing too little for its increased stake in the company. Mr Christophar Bland, LWI's chairman, is currently

discussing the scheme with institutions. He said yesterday that "at this stage the scheme is still fairly flexible."

An analyst said yesterday that "the scheme seems like a good idea. But its precise value to ahareholders cannot be worked out until we know the details."

Dares Estates shows modest growth midway

Dares Estates, the former property trader which recently decided to adopt a longer-term view of its investments, unveiled taxable profits of £5.58m in the first half of 1989.

The vulcome compared with profits of £5.25m in the corre-

profits of £5.35m in the corre-£12.57m for the full 1988 year. The board said it considered ness.
Its order book at the year

the board said it considered the net asset value of the group to be in excess of 40p per share, against yesterday's closing price of 33½p.

Mr Ervin Landau, chairman, said the success of the decision to seek rental and long term capital growth was demonstrated by rental income of several proposals to be settled in the second half would add to its order book for sutisubmar-ine warfare and other naval It also highlighted the grow-ing market for flight training devices and signal processer products, which should help it strated by rental income of £3.39m (£1.58m) for the period. A number of successful rent reviews, lease purchases and new lettings contributed to the increase. The trend would con-tinue, he added, as Dares bene-fits from reviews falling due build up non-defence related Turnover decreased by 18 per cent, from \$14.1m to \$11.5m.

over the next two years.

Property development activities were progressing well, Mr Landan said, with full planning consents granted on developments in Victoria, London; Bracknell, Reading, and Winnersh, all in Berkshire, and Woking in Surrey. The Hughes subsidiary, acquired last summer, contributed to profits through the disposal of the remainder of the Patchway Bristol site and its office development in Westminster. over the next two years. Diluted earnings per share increased from 1 cent to 4 cents. An interim dividend of 8

opment in Westminster.

After tax of £1.95m (£1.43m)
and minorities, £14,000
(£184,000), earnings per 5p
share dipped to 1.32p (1.77p)
on a fully diluted basis. The
interim dividend is raised 0.2p to 0.5p.

loss and cuts dividend Mr Ian Aldred, non-executive chairman, said sales at Jean Sorelle, the original core busi-

Kingsgrange shows £2m

SHARES in Kingsgrange, the toiletries manufacturer, fell toiletries manufacturer, fell 10p to 38p yesterday after the company announced a £2.04m loss and a cut in dividend for the year ended April 30 1989.

There is no final dividend, so the total for the year is the 0.75p interim. It compares with 1.5p for 1987-88 when the pretax profit was £170,000 (£1.34m).

tax profit was £170,060 (£134m).
Turnover rose to £20.97m (£15.33m) but there was a trading loss of £311,000 (profit £283,000), and it was exacerhated by higher finance charges of £834,000 (£175,000) and share of related loss £885,000.

ness, were less than last year and well below forecast. The second half suffered particularly and that led to an increase in overheads as the infrastructure had been built up for higher demand. Overheads have been

cents (2.5 cents) is declared.

reduced by 20 per cent and sub-stantial stock provisions made. The North American opera-tion suffered serious losses largely as a result of the US Mr Aldred said the order

position for the new year showed an encouraging improvement. In particular Jean Sorelle's contract busi-Jean Sorelle's contract ousness was experiencing an upturn. Rationalisation of the North American operation should lead to better trading.

Systems Reliability

Systems Reliability, the telephone systems and computer dealing company, has acquired GST Computer Systems and Ostris for a total consideration of £390,000. GST is a Cambrideg-based computer dealer while Osiris is a sales and marketing group.

Reedpack

Reedpack, the paper, packaging and office supplies group formed in July 1968 by a £608.6m management buy-out from Reed International, is still meeting expectations, shareholders were told at the company's first annual meet-

ing.

Sir Christopher Benson, chairman, said first quarter trading profits were £20.5m; up by some 30 per cent over the comparative period. He said the group would not be immune to a weakening in the UK economy, though he was confident the company would ride out any storm.

ride out any storm.

Mr Peter Williams, chief executive, said the group planned to appoint a merchant bank soon to handle the com-pany's flotation. This was expected to take place next

everaged Capital Holdings N.V.

The Quarterly Report as of 31 st March 1989 has been published and may

Pierson, Heldring & Pierson N.V. Herengracht 214, 1016 BS Amsterdam: Tel: + 31 - 20 - 211188

to date from 1135. Resort said Lioncourt's assets had an open market value – excluding antique furniture, paintings and prints – Lioncourt share, with a cash alternative of 290p per share. At yesterday's price of 20p, up %p, the share exchange option is worth about 320p per share. Textured Jersey shares rise 30p on news of bid approach

By Alice Rawsthorn

SHARES of Textured Jersey, tor, said he could not add to the textile group, yesterday rose 30p to 170p on the announcement that it had received an approach which may lead to an offer for the

company.

Textured Jersey specialises in the production of knitted fahrics and is one of the chief suppliers to Marks and Speu-cer. Its share price, which has performed poorly in recent months, rose sharply just over

a week ago. Yesterday the board issued a statement saying that it had received a potential takeover approach. Mr Henry Knohil, chairman and managing direc-

the announcement but confirmed that negotiations were underway with the prospective hidder.

Charterhall, the investment vehicle headed by Mr Russell Goward, the Australian finan-cier, was mooted as a likely candidate. Charterhall took over Corah, one of the largest players in the knitting industry, earlier this year with the interior of this year with the intention of using it as a base for expansion within tex-

industry. Yet in the past year it, like the rest of the industry, has been plunged into intensely competitive conditions due to a rapid rise in imports and sluggish consumer exceeding.

A few weeks ago the com-pany announced a fall in pre-tax profits from £3.35m to £970,000 on turnover of £21.72m for the year to April 30. It was forced to close its Leicester knitting operations last year. Mr Knobil said it was continu-ing to cut costs. Last week it

spending.

Textured Jersey is regarded as one of the most efficient announced 25 redundancies at a knitting company in Corby.

UK COMPANY NEWS

Further asset disposals give boost to Goward's investment company | MSCC hits | TR Australia policy change

Charterhall surges to £13.1m

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Line Luis Blee

CHARTERHALL. hoosted pre-tax profits from £8.4m to £13.1m during the year to June 30 1989 aided by another bout of asset disposals.

The company's principal The company's principal operating centres contributed £10.1m, split between footwear retailing, through the Tandem chain (£6.1m), US olf interests (£2.4m) and clothing manufacturing (£1.6m).

The Tandem chain returned a turnover of £68m for 11.5 months and Corah, the clothing manufacturer acquired

ing manufacturer acquired through an agreed bid last December for £27.2m, made a £26m contribution, to a group turnover of £104.3m; compared with £28.8m in the previous 12

months.

Rarnings per share rose 17
per cent from 2.70 to 3.15p.

The results include an item for "other income" totalling \$8.5m (£6.9m), derived from a round of asset sales which has become standard practice for

the the company since Mr Goward aded acquired the run-down oil charterhall, investment company headed acquired the run-down on hy Mr Russell Goward, the exploration group in July 1986.

The other income includes of £4.2m from the disposal of remaining UK oil interests, £2.6

from property sales from within the Tandem chain and £1.6m from the partial sale of the North American petroleum There is also an exceptional. item of £1.6m from the disposal

of properties acquired through the takeover of the Lennards, footwear retailing chain. Mr Goward has a further £50m worth of assets on the block for sale, with the inten-tion of clearing the way to make bolt-on acquisitions in the clothing manufacturing

The Australian made an important step in tidying up the group's strategic invest-ment portfolio last week when he agreed to take a 15 per cent stake in Blacks Leisure in return for the sale of 29.9 per cent holding in A Goldberg which formed the basis for a

LIFE SCIENCES international, the manufacturer of medical diagnostics equipment, lifted

pre-tax profits by 47 per cent from £2.52m to £3.7m in the half year to June 30. The

advance was boosted by the first full contribution from

Savant, the US vacuum centri-

fuge manufacturer, bought last

November for £13.6m. Savant's precise contribution was not revealed, but Mr Chris-

topher Bland, chairman, said

hostile all-paper bid for the Glasgow-based fashion retailer.
From among the major assets up for sale, Charteriall hopes to realise SIm from addi-tional property sales in the UK and £11m from the disposal of remaining North American oil

The group's interest bill has leapt from £1.7m to £6.3 with much of this relating to hold-ing charges associated with several large stakes held by Charterhall in listed compa-

Dividends and associated company profits contributed £1.2m to the result, up from £700,000 last time. The recommended final dividend is 1.1p (1p), with a one-for-15 scrip

O COMMENT Conservative fund managers need not waste their time examining Charterhall as a possible home for their invest-ment funds unless of course they are simply curious about their speculative Mr Goward's unorthodox the more daring.

micro-biological equipment manufacturer purchased in 1987, was now selling Savant's

product lines in the US and overseas and this produced considerable savings. Two nther US businesses, Whale and E-C, were also said to have performed well: In all, Life Scinesses, US

ences' US interests contribute

over 80 per cent of operating

However, Image Recognition Systems, based in the UK,

made a small loss during the

US buy lifts Life Sciences

Australian claims he is wininstitutions which control about 15 per cent of the capital. However, it will be some time before the company loses its highly speculative rating. While the core husinesses are expanding, the group performance remains pegged to Mr Goward's ability to realise profits on asset disposals and include them as part of the ongoing business. These profits should continue to flow in the current half hnt where does the Australian turn when these are exhausted? City analysts are not sure about the answer to this question but believe there is mileage in the shares while the irrepressible Mr Goward is at the wheel. Profit forecasts for the current year move in a narrow band up to £20m which places the shares on a p/e of 6, adding to

their speculative interest for

been in the limelight as chair-man of LWT, the ITV contrac-tor, said he expected Life Sci-ences to exceed its ambilious

goals for growth in profits, earnings per share, and divi-dends. The company sets itself

an annual target of a 20 per cent compound growth rate in

earnings per share. "We should beat the hell out of that this year," he said.

Turnover rose to £29.55m

Systems, based in the UK, (£19.62m). An interim dividend of 0.8p (0.5p) is declared, payeriod.

Mr Bland, who has recently

£3.67m but warns on dock strike

Manchester Ship Canal Company, which lost its inde-pendence in 1986 after a bitter takeover battle with Mr John Touche Remnant, on Monday unveiled plans to change its investment policy to that of specialisation in higher-yield-

By Nikki Tait

trusts.

takeover battle with Mr John
Whittaker, the property developer, increased profits from
£1.8m to £3.67m pre-tax for the
opening six months of 1989.
Turnover was little changed
at £10.45m (£10.51m) but at
the operating level, profits
were ahead by £570,000 at
£1.33m. Pre-tax returns were £1.33m. Pre-tax returns were struck after deducting voluntary severence payments nf £2.12m (£0.57m) and adding in

a £2.24m (nil) surplus on the sale of land. Earnings worked through at 84.8p (22.5p).

The company said it was satisfied that it was taking all necessary action to maintain an effective large UK port and to maximise net asset growth hy phased development of

properties.

Although much progress had already been achieved in the port, the company said it would continue to modernise and reduce costs. It warned, however, that trading results for the second half would be affected by the recent three week dock strike.

Huntingdon ahead

Improved margins helped Huntingdon International Holdings, the biological and engineering analysis group, lift taxable profits to £4.2m in the third quarter to end-June

The improvement from the £2.65m reported in the same period last year, came on revenue nf £21.4m (£15.85m). Directors attributed the higher margins to cost containment programmes and restructuring of acquisitions.

Earnings per 5p share expanded from 2.4p to 3.6p.

Edinburgh Oil

Edinburgh Oil & Gas reported an interim taxable loss of £32,000, against profits last time of £36,000. Turnover for the USM-quoted company in the six months to the end of June was down from 244,000 to £2,000. TR AUSTRALIA Investment Trust, a £45m fund managed by made clear that it was not be payable quarterly after impressed. No final decision April 2 1990. had been made to oppose the plan, hut if it was taken River Plate promised to come up

attacked by main shareholder

with an alternative suggestion.

The scheme suggested by TR ing Far Eastern stocks.

The switch would be accom-Australia only requires the support of a straight majority of shareholders, and an EGM will be held shortly, probably at the end of August, However, panied by the introduction of a series of possible wind-up dates for the trust, and a bonus issue of warrants to existing shareholders, plus a capitalisation there are some other large institutional holders in the trust - including the Pruden-tial with 12.7 per cent - who are not always supportive of Warrant issues and the introduction of wind-up dates are fairly common devices used

the investment trust moveto reduce the traditional discount suffered by investment ment. The TR Australia scheme suggests that perhaps 20-35 per cent of the portfolio would However, the scheme immediately received an extremely unenthusiastic response from River Plate and General, the group's largest shareholder. River Plate, an investment trust in the Jupiter Tarbutt stable, holds 29.9 per cent of TP Avetable's retres and said remain in Australia, with another 20 per cent in Hong Kong. Another 15 per cent might go into Thailand; around 10 per cent in Japan and Singa-pore; and 7.5 per cent in Malay-

TR Australia's votes and said it saw little purpose in the pro-A dividend of not less than posals being put forward and criticised the "abysmal invest-6p - or 4p after the one for two capitalisation - would be ment record" of the trust. paid in the year to August River Plate added that it had been sounded out about the 1990, giving e gross yield of 5.8 per cent nn a price of 138p, up 1p yesterday. Dividends would scheme in advance, and had

Shareboiders, meanwhile, would get three warrants for every 10 existing shares held. They could also vote to wind the company up in 1996, or every five years thereafter.

TR Australia argues that an elternative plan might face added costs in realising the entire portfolio and encounter management termination fees. The annual fee is 0.84 per cent, on a two-year contract.

The reorganisation plan introduces an added complication in that the capitalisation issue does not apply to the vot-ing preference shares and thus would push the River Plate stake — which has been built up over the past year – to over the 30 per cent level. If River Plate was supportive

of the scheme, it could seek Takeover Panel approval so that it was not required to bid. Alternatively, it could reduce its stake below 30 per cont; hope that the scheme is voted down; or mount its own pro-

The net asset value of TR Australia was put at 140.4p per share on August 1.

TR City of London assets rise

Not asset value at TR City of (2.65p). For the present year London Trust at June 30 was 103.72p, after deducting prior charges at effective redemption values, an increase of 18 per cent on the 87.73p of a year earlier.

Net profits for the year to the end of June were £6.87m (£5.24m) for earnings per deferred stock unit of 3.52p (2.66p). A fourth interim of 1.09p has been declared making

a total for the year of 3.4p

the directors are forecasting a total dividend of not less than 4.12p beginning with a first quarterly payment of 1.03p.

Directors said that during the year the investments in Touche Remnant Holdings and Mermaid House were sold for considerably more then last year's valuations. Excluding the 1.6p gain on these realisations net asset value rose by 16 per cent.

Olivers for sale

Olivers, the chain of branded femily coffee shop restaurants and bakeries which is part of Mecca Leisure Group, is being offered for sale. Olivers operates from 24 locations throughout the UK, mainly in major shopping areas.

Mecca said Olivers did not fit in with its development route of branded restaurants where it was concentrating on the expansion of Sweeney Todd's and Prima Pasta.

Capital & Counties confident after rise to £23.8m

Pre-tax profits from Capital & Counties, the international property group, rose 15.5 per cent in the first half of 1989, and the directors anticipated that the "steady performance" would continue over the sec-

The group, over 60 per cent owned by TransAtlantic Hold-ings of South Africa, reported a first half profit of £23.8m (£20.6m) and lifted the interim dividend by 1p to 5.25p. Earn-

ings came to 9.6p (8.8p).
Without diverting attention from the core income earning assets, directors' energy was directed towards the develop-

ment programme, particularly the three major shopping cen-tres, Thurrock Lakeside, The Glades, Bromley, and The Har-lequin Centre, Watford, costing £500m in total.

Good progress was being made, they reported. The four major retailers at Thurrock –

Marks and Spencer, Deben-

hems. House of Fraser and Lewis's - were signed up and in total more than half the retail floor space was commit-ted. Construction was on schedule for opening in the

autumn of 1990. In the balf year property investment accounted for £18m (£14.6m) and trading £6.2m (£3.6m) of operating income. Net interest charges were cut to £2m (£4.7m).

M&AS doubled to £396,000

In a confident interim statement, directors of Mining & Allied Supplies, the West Midlands-hased mechanical handling engineer and equip-ment distributor, unveiled pre-tax profits up from £185,000 to

£396,000.

The advance over the period

— covering the six months to
end-lune.— came on turnover ahead 72 per cent to £9.97m (£5.79m). Trading throughout the group was continuing at improved levels, the company said, and the ontlook was

"extremely encouraging".

After tax of £165,000 (£75,000)
earnings per 12.5p share
worked through at 0.8p, up from an adjusted 0.4p last time.

Assets up at CIT

Continental & Industrial Trust, a South African-controlled investment trust, announced a net asset value of 931.2p per share at end-June 1989 com-pared with 910.5p six months. interim period rose from £4.44m to £4.68m. The interim dividend is maintained at 20p. . its, which rose to £9.19m from some activity. But taking raised to 1.5p (1.31p).

he was delighted by its perfor-Forma Scientific, the US

> THE POLICY of building up a broadly based group appeared to be paying off at Trencherwood, a USM quoted property developer, as growth in its commercial side clearly compensated for the slowdown in the peridential market. the residential market.
>
> Commercial operations con-

tributed £4.1m to pre-tax prof-

\$6.04m in the half year to April account of a sluggish market 30. Turnover increased to for the whole of the financial

Sharp growth at Trencherwood

Included in the outcome was a £1.32m surplus on the sale of investment property, and that offset a rise in interest charges. Mr John Norgate, chairman, said in the past two months the residential market has seen

year, he did not expect the number of units sold to exceed the 1988 total. In commercial, the emphasis

was in the industrial and business park sector. Earnings were 24.68p (17.01p)



TECHNOLO.

You probably think of Nikko Securities as one of Japan's "Big Four" securities houses. But if you think Nikko Securities is big only in Japan, we've got news for you.

Today, Nikko is one of the largest securities houses in the world. Our 18-country network covers almost every field of financial activity. At the end of 1988, we had over US\$260 billion in client assets in custody, equal to 7% of the market value of all stocks listed on the Tokyo Stock Exchange - and more than the total value of the Paris Bourse or Frankfurt Stock Exchange!

We also have some of the world's most advanced Investment Technology (IT). Our Japan Index Strategy, the first to apply a quantitative approach to the Japanese equities market, is one of just a few methods available that can closely track the performance of the Tokyo Stock Price Index, which grew at a remarkable rate of 36.6% during 1988. Nikko Securities' IT-based products meanwhile took first, second, fourth, and fifth places for performance among all investment trusts in Japan that year,* helping to swell our IT-related assets to over US \$28 billion in just three years.

In other areas, Nikko and its subsidiaries lead-managed 61 debt issues for corporations, supranationals, and governments in capital markets outside Japan in 1988 alone, and have ranked well in the top ten in the Eurobond League for three years running.

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Isn't it time you took a closer look at us? Source: Nikkei Money



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The MBJAG International Network ZURICH GENEVA FRANKFURT LUXENBOURG BARIS COPENHAGEN MILAN MADPID AMSTERDAM BAHRAEN NEW YORK SAN FRANCISCO LOS ANGELES CINCAGO TORONTO HONG KONG SINGAPORE SECUL BEIJING QINGERAO SHANGHAI NYDNEY MELBOURNE The MBJAG INTERNATION OF THE SAN OF THE

COMMODITIES AND AGRICULTURE

WTI crude expected to fetch \$18.85 next year

By Max Wilkinson

THE PRICE for West Texas Intermediate grade of crude oil will average \$18.85 per barrel next year, according to a consensus of London and New York analysts, reported in the latest edition of Platts Week. Last night WTI was quoted on the European spot market at \$18.125 per harrel.

The consensus forecast represents an average of recent predictions from 15 specialist securities analysts. All hut three were within \$1.25 of the

The highest forecast, from the London hroker Shearson Lehman Hinton, suggested an average price of \$20.50. The lowest, from Kidder Peabody of New York, forecast an aver-age price of \$16.25 per barrel. The consensus of forecasts for the last three months of this year suggested an average price of \$18.20 per barrel, with the highest prediction at \$20.50 and the lowest at \$15 per barrel.

per barrel.
The analysis hy Platts, the UK oil price and weekly news service, says that the analysts generally see the fntnre of world oil demand as the key to

prices.
Broadly those expecting the call on the Organisation of Petrolenm Exporting Conn-tries' crude oil to he above 21m harrels per day, were hullish about the price, with those expecting lower demand,

bearish.

The Platts article says that analysts are keenly watching Knwait's production statistics, "as much for their symbolic value as for their indications

of available snpply."

Kuwait refused, at the last
Opec meeting, to accept its
assigned production limit, and
has been pumping some 60 per
cent more crude than allowed

under its quota.

Some analysts have said that the emirate has been shrewd in taking advantage of higher demand for oil than was generally expected at the beginning of the year.

Sovereign Oil and Gas, the UK independent oil company, yesterday announced that it had given a soverent to the distinct appropriate the state of the sound appropriate the sound appropriate

had signed agreements, which, anhiect to the approval of the Italian anthorities, will give it a 40 per cent stake in five Ital-

ian onshore areas covering 2,328 square kilometres. Sovereign, which has so far confined its operations to the North Sea, will be the technical operator for the exploration, providing technical and engineering management.

The company says that there is a renewed interest in Italy as a result of recent discoveries in the central Apennines. One of the areas which Sovereign will be exploring is close

Subsidies have failed to save the family farmer

Nancy Dunne concludes her series on the shaping of US farm policy

BILLIONS of dollars in government sobsidies sent into the US farm belt over the past decade have failed to avert disaster for thousands of family farmers. Agricultural legislation has centred on export promotion and income protection, never directly addressing the increas-ing concentration of resources in agrihusiness and large pro-

ures only hint at the haemor rhaging of America's mid-sized farms - those with sales of between \$25,000 and \$99,999 a year. Their number declined by 12.5 per cent between 1982 and 1987. Larger producers were also hurt in the shake-out but their number fell hy only 2 per

cent.
The task of documenting the structural changes under way in the Farm Belt has fallen to agricultural economists and rural sociologists. They say that, as in the rest of the US economic system power has been collecting in the hands of just a few companies which now control the livestock industries, mill the maize and wheat, process the soyabeans,

and also export the grains. Most of these companies now have international interests. Cargill for example, has poultry and beef operations in Brazil; ConAgra owns poultry and hog operations in Portugal. When the 1985 farm pro-

gramme drove down prices the Government's grand design was to "recapture" US export markets. The policy has benefited exporters, who profit on volume, and agrihusiness, which uses cheap crops as

inputs.

Meanwhile, the low prices have tightened the nooss around farms unable to achieve economies of scale. Pleas by populist farm groups that Congress drastically reduca production and raise price supports have fallen on deaf ears in Washington, Ironically, they have been received more sympathetically by the farmers' competitors — Euro-pean, Canadian and Japanese farm organisations.

Mr Dixon Terry, an activist farm leader recently killed by lightning, struck a common chord in a speech given at the Save our Soils Conference in

American subsidies were squeezing ont small Third World producers, while US insistence on the phasing out of all subsidies in the General Agreement on Tariffs and Trade threatened the livelihood of small farmers in

Europe, he said. He called for "a global cam-paign to ensure that farmers and peasants regain control of the land."

In this age of giant business interests, legislators in Wash-ington are continuing to ignore the threat issued regularly hy
the populists that one day all
production will be in the hands
of a fsw large corporations.
Food security is not an issue in
a country where obesity is of
more concern than starvation. Only about 1 per cent of US farmland is held by corporations, but the interest is growing among investors who view farm ownership unsentimen-tally. A fact sheet, issued by the investment bank Morgan Stanley, urges. Buy a farm,

and you may get rich slowly but more surely."

It explains: "America is by far the lowest cost agricultural producer in the world....

INVESTMENT RETURNS 1960/1988

Farm real estate Bhainess 9.67 real estate Standard & 8.81 Poor's 500 8.62 Long term

Although the yield on farm-land today, at about 8 or 7 per cent, does not equal that on government bonds, they aren't making any more farmland, and Washington does produce

As Morgan Stanley notes, vehicles for institutional investment in farmland are becoming available. Battery-march Financial Management, a Boston investment adviser, recently purchased AgriVest, a farm management company, to oversee farms for its passive investors. Its managers expect to raise "a significant amount" for holdings across the coun-

Mr Jim McCandless, executive vice president of Battery. march AgriVest, now super-vises the rental of 62 farms and, ranches on 340,000 acres in 15 states. It is a diversified portiolio of crops and geographic areas and a cost-efficient busi-

areas and a cost-emiciant busi-ness enterprise.

Acting for the investors, Mr-McCandless keeps a close eye on farmer tenants, who are, in turn, relieved of the consider-able costs of land ownership. A two-tiered rental system for good and bad years provides tenants with some protection from the hazards of the

Farmers must meet stringent

Farmers must meet stringent reporting requirements on chemical usage. They are "strongly encouraged" to adopt crop rotation systems and are "given a hreak" on their rent for planting alternative crops on unproductive land in order to increase their returns.

The restructuring in the farm belt has falled to deter a revival of interest in part-time and small farming, according to Mr Howard Kerr, Jr, director of the Small-Scale Agriculture Office in the US Agriculture Department.

Mr Kerr, a part-time farmer himself, brims with optimism that the estimated 1.9m small producers engaged in "niche marketing" can provide a dynamic future for agriculture

and the rural economy.

He urges his small farmers to respond to the growing demand for exotic fruits, Japan's favourite Shiitake Japan's favourite Shillake mushrooms, and ethnic vegetables. He issues advice on goatraising for cheese production and foresees growing restaurant demand for exotic meats—ostrich, liama and water buffalo.

"Farmers sit astride a razor blade of reality and must be

Farmers sit astride a razor blade of reality and must be adept at selecting the most profitable crop, the most economical acreage to plant, and pin-point the most opportune time to sell." Mr Karr says. They can be profitable entrepreneurs, "not unlike the farmer of yesterday."

That advice, however, comes too late for the thousands of farmers who could not adapt to the reality of political and economic change.

nomic change.

Previous articles in this series were published on July 28 and August 2

Production expenditure 7.5 per cent up in 1988

US FARM production expenditures totalied \$113.40m in 1988, up 7.5 per cent from the \$110.10m reached in 1987, the US Department of Agriculture said, Reuter reports from Washington.

Ontgoings were higher for all major categories extept interest, which decreased 3.7 per cent, and building and fencing, which fell 10 per cent, the department said.

Farm services including

Farm services including rent, the largest 1986 outlays by farmers at \$24.6hn, accounted for 21 per cent of US farm production expenses, a 2.7 per cent bigger share than in 1987.

Feed expenses totalled \$17.9hu and accounted for 15 per cent of the total.

Average expenditure per farm was \$54,956, as increase of \$4,165 from 1967.

Outlays by large farms (with sales over \$100,000) averaged \$271,481 and accounted for over 63 per cent of the total.

US farm group opposes use of milk hormone

By Nancy Dunne in Washington

THE NATIONAL Grange, one of the oldest US farmers' organisations, is opposing the use of the controversial new milk hormone bovine somato-tropin (BST) until "such time

tropin (BST) until "such time as it has been proven to be safe for all concerned," according to the group's legislative representative in Washington.

Mr LeRoy Watson said the Grange's objections were on hoth health and economic grounds. There is widespread concern that management techniques have not yet been techniques have not yet been developed which would insure safety for herds from infections and other problems, he said.

Even more worrying was that the hormone, which boosts milk production, would put small dairy farms out of

"We could end up with three "we could end up with three large dairy farms in the West supplying milk for the entire country," he warned. That would discourage farm diversification and damage the economics of the conference of the country, it is the conference of the confere mies of rural communities.

BST has been the subject of contention in the European Commission where Mr Raymond MacSharry, the agricul-ture commissioner, proposed an 18-month to 2-year moratorium on its licensing until more studies were completed. On Wednesday the EC failed to formalise its position on the issue, in the wake of US Government lohhying efforts opposing the ban. The Grange, at its conven-

tion last winter, voted to request delays to the commer-cial introduction of synthetic bovine growth hormones until sufficient data was acquired on their effects in the areas of herd stress, health and fertil-ity. It asked the US Agriculture Department to study the impact of the synthetic hormones on the federal dairy

mones on the federal dairy price support programme, particularly on small and medium-sized farms.

In its proposals for the 1990 Farm Bill, another producers' organisation, the National Farmers' Union, asked for the actablishment of a standay establishment of a standby beef purchase programme if BST is approved for commercial use and its use resulted in significantly more dairy cows being colled so that the beef market was threatened.

The Senate has approved a farm disaster relief hill and

sent it to President Bush for sent it to President Bush for his expected signature.

The measure, already endorsed by the House of Representatives, would offer an estimated \$897m to farmers hit hy bad weather this year.

Mr Clayton Yentter, the Agriculture Secretary, said he expected Mr Rush to sign the expected Mr Bush to sign the bill, the fourth such emergency aid hill in as many years.
It was modelled on last year's relief plan, which has cost taxpayers \$3.8hn so far

and offers financial aid to all

farmers whose crops suffered

Cadmium fall spurred by short sellers

By Kenneth Gooding, Mining Correspondent THE FREE market price of cadmium, which reached a record \$9.35 a lh last year

because of demand for nickel-cadmium rechargeable hat-teries – used for a wide range of portable consumer products such as computers, telephones and video cameras — has fallen back to about \$4, the lowest level since January

Traders suggest the price could drop to \$3 a lb before producers or consumers step in

to stop the decline.

They say the fall is being encouraged hy several European merchants who have sold pean merchants who have sold short. Ons London merchant pointed ont yesterday, how-ever, that they were only swimming with the tide and the cadmium price was already well on its way down before the merchant activity spurred its progress. its progress.

Cadmium, like most other minor metals, is notorious for its price volatility because it

Prices from Metal Bulletin (last week's in hrackets).

ANTIMONY: European free

market 99.6 per cent, \$ per

tonne, in warehouse, 1,725-1,800

BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse,

Cadmium price 1988

represents for consumsrs a small part of their final prod-uct cost while for the produc-ers it is a by-product, mainly of

zinc mining.
As one of the most toxic metals, cadmium suffered from environmental concerns in the 1980s which, coupled with the deep recession in the metals industry, sent the price to a low of 55 cents a lb.

By mid-1987 it had recovered

COBALT: European free

MERCURY: European free

market, 99.5 per cent, \$ per lb, in warehouse, 7.40-7.60 (same).

market, min. 99.99 per cent, \$

per 76 lb flask, in warehouse, 230-245 (same). MOLYBDENUM: European

free market, drummed molyb-

dic oxide, \$ per lb Mo, in ware-house, 3.38-3.48 (3.43-3.47).

US MARKETS

IN THE METALS, the precious metals

firmed marginally against the weaker US dollar but failed to promote any follow-through buying in quietly-traded sessions, reports Drexel Burnham

to \$1.50 and then the free market price took off as rapidly-increasing demand from the bat-tery producers - Japanese consumption of cadmium doubled at that time - caught the market short of the metal.

The peak \$9.35 a lh was reached in March last year but by October there had been a retreat to \$5. Strikes in Peru's

zinc mines induced a spike to \$8.45 at the start of this year. WEEKLY METALS PRICES market, min 99.5 per cent, \$ per lh, in warehouse, 5.00-5.80

> per cent, \$ per tonne unit (10 kg) WO, cif, 48-82 (same).
>
> VANADIUM: European free market, min. 98 per cent, \$ a lb VO, cif, 5.45-5.65 (5.45-5.75). URANIUM: Nnexco exchange value, \$ per lb, UO, 9.80 (same).

(5.20-5.80). TUNGSTEN ORE: European

free market, standard min. 65

According to traders, the steady fall since then is associated with a slowing in the growth of demand from the nickel-cadmium hattery producers who currently prefer to live hand to-mouth rather than to huild up stocks of depreciating raw material.

The London-based Cadmium Association, says nickel-cadmium batterles now account for half of non-Communist

for half of non-Communist world consumption - more than 9,000 tonnes out of 18,060

tonnes last year.

Demand from one of cadmium's other main markets, mium's other main markets, pigments, has also been weaker in the past few months.

On the supply side, the record prices encouraged record output last year of 16,230 tonnes, up 10 per cent on 1997.

Consumption (at a record level for the third successive year and showing a 40 per cent rise from 13.310 tonnes in 1985) rise from 13.310 tomes in 1365) continued to outpace production. But, strangely, stocks held steady and were marginally higher at the end of 1368 than a year ago at 2.270 tonnes.

The Cadmium Association suggests that this was possible.

as not all secondary (repro-cessed from scrap) output was counted and output was actu-. In the short term, some producers suggest that, while the cadmium price might drift. lower during the current quiet

period of demand, it should

recover strongly in the fourth quarter of this year.

Canada copper strike talks due to resume By Robert Gibbens in

Montreal

TALKS AIMED at settling the strike that has halted produc-tion at Canada's largest copper mine for more than a mouth are scheduled to resume tomor-

row.
The Highland Valley Copper
Partnership's Logan Lake mine
and mill in southern British Columbia has declared force majeure on August shipments to customers in North America, Asia and Europe because of the strike.

Stockpiles held at the Logan Lake site and in Vancouver

were shipped out during July. Highland Valley, which has an annual production capacity of 170,000 tonnes of copper in

of 170,000 tonnes of copper in concentrate, is jointly owned by Cominco, Rio Algon, Teck Corp and Highmont Mining Company, all registered in Canada.

State appointed mediator Mr Vince Reddy is due to meet the mine operator and representatives of Local 7619 of the United Steelworkers of America, tomorrow and has asked officials of both sides to keep themselves available through the weekend.

the weekend. However, the union is expechowever, the union is expec-ted to seek pay increases well beyond what Highland Valley is willing to pay and industry observers do not expect a settlement to be reached this weekend. Most non-monetary issues have already been set-tled.

CADMIUM: European free market, min. 99.5 per cent, \$ per lh, in warehouse, 4.25-4.55 SELENIUM: European free **WORLD COMMODITIES PRICES**

4.35-4.70 (4.50-4.90).

LONDON MARKETS

THE LONDON Metal Exchange lead market shrugged off a waaker early trend yesterday to test recent highs again et the close. Dealers clied speculative buying as the three months sition gained £3 to £425.50 e tonna a the close and moved turther ahead in after hours trading. But it ended short of Monday's 734-year high of £433 a ionns. Sirong demand for replacement batterisa and reasonably good car sales have recently made treders uncomfortably awere of the low level of lead stocks. Tin prices came under furether pressure and dipped to life-of-contract lowe before short-covering and protit-taking purchases steaded the market near the close. Dealers asid chert-based the three month's price had moved towarda \$9,250 a tonne.

SPOT MARKETS

		_
Crude oil (per barrel FOB)		+ or -
Dubal Great Sland W.T I, (1 pm ast)	514.45-4.60; \$13.85-7.30 \$13.10-8.15z	+6.20
Oil products (NWE prompt delivery per to	nne CIF)	+ or ·
Pramium Gaschne Gas Oll Heavy Fuat Oil Nachiha Petroteum Argus Estimates	\$189-191 \$148-149 \$60-62 \$151-152	+1 +2
Other		+ or -
Gold tper troy ozion Gliver (per troy ozion Platinum (per troy oz) Patladium (per troy oz)	\$365.50 513c \$485.45 \$134.75	-0.26 -2 + 1.50 + 0.50
Aluminium (free market) Coppor [US Producer] Load (US Producer) Nickel (free moliket) Tin (Kuola Lumpur market) Tin (Now York) Linc (US Prime Western)	\$1735 1165g-116 39.5c 585c 24 50r 424 5 815gc	-10 -10 -0.86 -2.0
Cattle (live weight)1 Sheep (deed weight)† Pigs Iliva weight)†	116.23p 151 56p 88 ±0p	+0.92° +2.98° +3.94°
London daily sugar (raw) London daily sugar (while) Tale and Lylo export prico	\$350.3t \$496t £331.0	-4.2 -4 -5.5
Serioy (English lood) Maleo (US No 3 yellow) Whose (US Dark Northern)	£104 £131 £122t	
Rubber (apol)♥ Rubber (Sep)♥ Rubber (Oct)♥ Rubber (KL RSS No 1 Sep)	57.25p 59.75p 60.25p 247.0m	-0.25 -0.25 -0.25 -0.\$

£ a jonna unless otherwise stated. p-cence/kg c-conts/lb. r-ringgit/kg. y-Oct/Doc. z-Sap. x-Jul/ Aug. 1-Aug/Scp. v-Aug/Oct. w-Sep/Oct.fMast nission average tatstock pricos. " change from a week ago. \Under Condon physical market. ŞCIF Rottordam. 📤 Sullion market close. m-Ma-

Coconut oil (Philippines)§

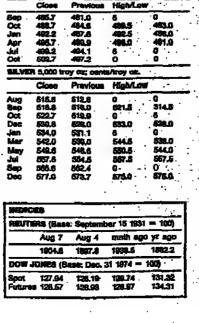
	Close	Previous	High/Low
Sep	872	877	870 870
Dec	928	932	933 928
Mor May	896 903	908	898 893 904 900
Jul	914	920	915 912
Sep Dec	928 952	835	931 926 953 948
		CYON Later o	f 10 tonnes
ICCO I	ndicator p	rices (SDF	is per tonne). 1 83.40) :16 day i
price fo	r Aug 7	1076.97 10 70.03 1066	03.40) :16 day
		10.00 1000	14)
COPPE	E L/tonne	Considerate	III-bd
	Close	Previous	High/Low
Sop Nov	777	775 782	782 765 792 777 816 795
Jan	796	797	816 795
Mar May	614 834	613 838	825 e12 845 833
Jul	860	865	868 865
Sep	886		888
Turnove	r: 4145 (2	135) lots o	5 tonnes
ICO Inc	licator pri	COS (US C	ents per pound
72.60 7	2.93)	7 /440 (/6	48). 15 day ave
SUGAR	(\$ per tor	inel	
Raw	Clase	Previous	High/Low
Oct	309.40	309.80	
Dec	298.00	302.00	314.60 305.20 302.00
Mar	288.60	291.00	294.00 288.40
May Aug	284.00 279.00	287.00	288.00 253.00 279.00
Oct	272.00	276.00	278.00 273.40
White	Close	Provious	High/Low
Oct	409.00 370.50	413.00	418.00 408.00
Dec	370.50	373.50	373.50 368.00 358.00
	360.00 357.00	352.00	368.00 388.00
Mar Mav		359.00 359.00	360.50
May	355.50		
May Aug	r Rew 5	MS1 13810	lots of 50 tor
May Aug	r Rew 5	MS1 13810	Oct 2013 Dec
May Aug	r Rew 5	MS1 13810	Oct 2833, Dec :
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week er torines ; week, S israali,	N oil-Spot and shipment sales for the oil-Spot and shipment sales for the ded August 4 empurated to 310 against 166 tonnes in the previous low Trading occurred with interest in American, West African and o growths.
\$475, BI	Dundee: BTC \$520, BWC \$510, BTD NO \$455, c and 1 Antwerp: BTC \$500, on BWG \$425 BTD \$425

	CIUM	•	LI BAIOTTO	Ladincom		m reio c	400
Alconfol	um, 99.75	6 purity (S	per tonne)			Alag	tumo
Çash	1740-		1745-50	1752/1735	1735-6 1743-6	4750.0	
3 month			1753-4	1/82/1/35	1/48-9	1750-2	
		(E per ton			4675.6	Rung	turnor
Cash 3 month	1692- s 1566-		1696-7 1591-2	1578/1675 1587/1570	1675-6 1671-2	1584-5	
	per tonne)				Ring	Burno
Çesh	435-7		431-3 422-3	425	424-5		
3 month			422-3	428/417	417-8	428-8	
	per ton		1000	400504004	0 12700-50	Rin	g fritti
Cash 3 month	12650 c 11925	-700 -75	12750-800 11950-75	12750/1266 12000/1176		11850-8	50
Tim (\$ p	ar tonne)					R	ng tur
Cash	9240-		9230-50 9290-300	-	8500-50	0000 At	
S month				9300/9265	9270-00	9290-31	
Cash	1680-		5 per tonne) 1675-85	1679/1678	1578-9	Hung	turnov
3 month			1593-5	1600/1575	1575-6	1000-5	
Zlne (\$;	per tonne)				Rin	ארושל פ
Cash	1615-		1640-60	1616	1610-5	47.4	
3 month			1550-6	1550/1625	1625-6	1546-66	
SPOT: 1	eing E/\$.6230	3	months: 1.600	34	6 months:	1.5929	•
PUIAI	Close				LONDON BE		
Nov	137.0	Previous 132.5			Gold (fine oz		
Apr May	187.0	196.6	133.0 132.0 199.5 195.0		Close Opsning	365-366-2	2
	218.5	518.0	216.3 216.0		Morning fix	366.20	2
Intoone	r 380 (04	r) lots of	40 tonnes.		Afternoon fix Day's high	365.90 365 ¹ 2-367	2
		AL E/tonn			Day's low	365 4-365 4	
QUYAB	Close	Previous					
Oct	130.00	131.50	131.00 130.	700	Coins	\$ price	2
Dec	130.50	132.00	130.50		Mapieleat	376-381	2
Littione	r 95 †152	Note of 20	tonnes.		Britannia US Engle	376-381 376-381	2
					Angel Krugerrand	376-381 384-367	2 2 2
FREIQL		\$10/h	ndex point		New Sov.	86-87	5
	Close	Previous			Old Sov. Noble Plat	85-67 491,25-499.0	5 3
Aug Sep	1434	1425 1480	1430 1425 1487 1485			40 1467 - MG-10	
Oct Jan	1554	1549 1570	1557 1561 1577 1875		Silver fix	p/fine az	
Apr	1606	1600	1606 1606		Spot	318.05	
略	7381	1379			3 months	328.95	
lumove	r 135 (8t)			6 months, 12 months	338.65 360.00	5
					In (montes	000.00	8
Wheet	Close		. Mahit am		LONDON ME	TAL EXCHAN	
Sep	107-20	Previous	107.20 108		Atumiekus (9		
Nov	111.00	106.85 110.50	111.00 110	65	<u></u>		elis .
Jan Mer	114.30 117,30	113.95 117.15	114.30 114. 117.25	.00	Strike price 5		Nov
May	120.30	120.20	120.30 120.	25	1650 1750	113 45	126 67
Jun	122.20	122.05			1850	12	31
					Copper (Grad	(a A) C	el is
Barley	Close	Previous	s High/Low		2450	167	153
Sep Nov	102.65 106.95	102.90 106.70	102.85 102. 106.96 108.		2550 2650	91	103
Jen	109.65		109.55	and	_,~~	45	66
Mar	112.20	112.20	112.10				
i umove Tumove	r: Wheel riots of	277 (310), 100 tonne	Sariey 35 1	-	LONDON POS		
		- ce config	-		Colleg	Sep	Nov
P104 /C	enh Raid	ement) p/i	len .		750 800	27	68
10	Close				850	0 1	47 30
Feb	113,5	Previous	High/Law		Cocoa	Sep	Dec

M METAL EXCHANGE	(Pri	ces supplied	i by Amalgai	meted A	letsi Trading)
Glose Previous	High/Low	AM Officia	Kerb cio	66 C	pen interest
um, 99.7% purity (5 per tom	18)		Alag t	umover	20,250 tonne
1740-6 1745-50	,	1735-6			
ne 1748-50 1753-4	1752/1735	1743-5	1750-2		2,285 lots
Grede A (E per tonne)			Ring t	Thursday.	35,300 tonne
1592-4 1596-7	1578/1675	1675-6	4504.5	_	
ns 1566-7 1591-2	1587/1570	1571-2	1584-5		3,074 lots
per tonne)			Ring	rimover	10,225 tonne
435-7 431-3 hs 425-8 422-3	425 428/417	424-5 417-8	428-6		807 lots
	460-417	717-5			
\$ per tonne)	40750140050	12700-50	Ring	THURST	r 1,080 tonne
12650-700 12750-80 he 11925-75 11950-75		12000-60	11850-95	0 5	487 lots
er tonne)			Rin		ver 630 tonne
9240-80 9230-50 ne 9290-316 9290-300		9200-20			
ns 9290-316 9290-300	9300/9265	9270-00	9290-310	5	334 lots
pecial High Grade (S per ton	ne)		Ring 1	urnover	19,350 tonne
1680-90 1675-85 hs 1585-90 1593-6	1679/1678	1578-9			
	1600/1575	1575-6	1000-5	_	0,990 lots
per tonne)			Ring	move	r 4,400 tonna
1615-25 1640-60 to 1537-40 1550-6	1616 1550/1625	1610-5 1525-6	1546-66	-	620 lots
osing E/S rate:	TOOL TOES	lue.rg	1010-00		20 104
1.6230 3 months:	1.6034	6 months: 1.	.5929	9 n	onths: 1,5864
QES E/tonne		DNDON BUI	LLION MARI	CET	_
Close Previous High/		old (fine oz)	\$ price	2 .	quivalent
137.0 132.5 133.0 187.0 198.8 189.5			36514-36514	225	225 ¹ 2
218.5 218.0 216.3	~ U		366-366 ¹ 2 366-20		2.227
er 380 (547) lots of 40 tonne		temoon fix		226 225	
	Di	sy's high	305 2-307	-	
EAN MEAL STORRE	Di	ry's low	3654-3654		
Close Previous High/					
	130.00	pine	\$ price	£ e	quivalent
130.50 132.00 130.50) M		376-381		2-234 2
er 95 (152)lots of 20 tonnes.	Br		376-381 376-381	231	lg-234 lg lg-234 lg
	Ar	ngel :	376-381	231	2-23412
AT FUTURUES \$10/Index pol	nt N		384-367 86-87	224 53-4	226
Close Previous High/			85-87	53-6	34
1434 1425 1430	1425 N	oble Plat	491.25 -499 .05		05-307.85
1492 1480 1487 1554 1549 1557					
1577 1570 1577	1875 \$1	iver fix	přilne oz	US	cts equiv
1606 1600 1606 1381 1379	9		318.05	016	
or 135 (8t)			328.95	527	
(01)			339.65 360.00	536. <i>5</i> 60.	
9 Pitenes				-	
S E/tonne	10	-	AL EXCUANA	W 7	OPTIONS
Close Previous High/					
	110.00	turniekum (99		-	Puts
114.30 113.95 114.30	114.00	rike price \$			Sep Nov
		50	113		25
122.20 122.05		'50 50	45 12		9 67 105 129
	=			_	
Close Previous High/		opper (Grede			Puts
		50 50	167 91		22 79
106.95 106.70 106.96		50	45		55 127 100 188
109.65 109.56	i		_		
		WWW =	TRADED OF		
er: Wheat 277 (310), Sariey er lots of 100 tonnes.	· · · · _				
willings		>Ge9	Sep	Nov :	Sep Nov
Seeds Building 1	75		27	69	11 42
Cash Settlement) p/kg	80 85	7	0 1		10 75 15 105
Close Previous High/I	.011	ecoa			
113.5 114.5	_				Sep Dec
	85	Ū	28	7	,
114.5 114.0		п		ea -	
pr 0 (5) lots of 3,250 kg	90 95				35 40 79 66

Lamberts. Copper, too, was quiet with commission house selling the only feature in a market dominated by local activity. The energy complex firmed on technical buying against the doller and as crude oil penetrated short-term resistance at \$18 basis September. However, the market failed to maintain itself and settled back to trads in a narrow range for the rest of the day. Reports of a possible squeeze in London added to early strength. Cocoa was lacklustre, coffee railied on continued short-covering in the spot September, while sugar eased with commission house and trade selling despite indications of physical Interes and scale-down buying by the trade. Cotton underwent a technical reaction as the market reassessed the impact of rains in Texas. Live hogs railled as the cash markets firmed with increased packer and expected retail demand. **New York** GOLD 100 troy oz.; \$7troy oz. Close Previous High/Law 365.2 367.7 369.5 873.6 377.4 361.2 365.0 366.8 392.6 305.9 367.5 369.4 473.4 377.2 361.0 364.9 368.8 362.7 365.8 369.0 372.7 377.9 361.0



PLATRIUM 60 troy oz; \$/troy oz.

					at to leave	٠			
OP		O for; cont			CI	nicaç	10		•
	Close	Previou			- BOY	ARFANS 5	ODD biz inde	conta/800s	humbal
Sun Sun	110.70		111.40 111.90	117.10		Close	. Previous		
op	109.20	109.60	6	0	AUG	592/4	601/4	803/D	592
XCC.	107.50	107.60	100.00	106.20	Sep	570/4	500/4	587/0	066
-	NE 64 6	ight) 42,000	Tito antin i		- Nov	564/0	580/4	582/4	. 562
-					Mor	574/2 563/2	590/4 600/4	592/4 501/0	573/ 882/
	Latest	Previous			May	592/0	607/6	607/0	592
lep	18,12 17,84	17.81 17.84	16.19 17.92	10.01 17.73	Aug	593/0 588/0	602/0	612/0	503
lov	17,74	17.60	17.80	17.57			L 60,000 that	conta file	
en eb	17.62 17.60	17.51 17.47	17.64	17.50 17.53	401	Close			
Dr	17,47	17.41	17.62	17:45	Aug	17.98	Previous	High/Lov	<u></u>
ley Un	17.42 17.43	17.38 17.38	17.49 17.43	17.42 17.40	Sep.	18.15	18.11 18.26	18.20	17.8 18.0
					Oct	18.36	18.48	18.58	18.2
EAT	THIS OIL	12,000 US g	elle, cente	/US galls	- Deci	16.76	18.92 19.16	19.00	18.0
	Latest	. Previous			Mor	19.27	19.52	19.60	19.2
PP	4860	4844	4880	4045	dui -	19.67 - 19.80	20.00	19.55	19.0
ct	4925	4906	4845	4910	_		AL 100 tone;		42,0
ec DV	5000 5080	4976 5062	6016 5095	4965	3017				
57	5110	6062	5115	5000 5100		Close	Privious	High/Low	
PD. PF	6060 4720	5012 4637	5050 4720	8030 4000	Sep	191.0 181.7	191.7 184.4	194.5 185.5	190.
y	4580	4537	4000	4525	Oct .	177.2	180.7	161.7	177.
_				<u> </u>	Dec Jen	178.5 178.7	179.9 180. t	181.0 161.5	176.
364	_	nee;\$/tonne			Mar	178.7	182.1	182.5	178
	Close	Previous			- Jul	180.0	163.2 183.2	183.5 183.6	170.1
Ŕ	1300	1284	1305 1335	1290.			min; cents/		1800
L.	1324	1317	1328	1315		Close		-	
y	1381	1320 1353	1334	1325	-		Previous	High/Low	
í	1361 1347	1334	ö	0	Sep Dec	224/2	224/6 226/6	227/4 228/0	2235
C	1567	1376	1386	1362	May	234/0	224/6	236/0	2521
_	T den e-			<u> </u>	Jul	238/2 239/6	239/4	240/2 242/4	237/-
_		,500lbs; ce			Зер	238/0	237/4	258/0	236/
	Close	Previous	. High/Los		Dec	230/0	238/4	289/0	237/
P	83.03 83.82	82.60 · 83.77	84.70	82.30 83.30	WILE		min; cents/		<u></u>
LF .	86.60	86.25	87.00	85.80		Close	Previous	High/Low	
y	80.40	88.50 90.35	86.75 91.25	90.40	Sep Dec	391/4 405/8	391/4 406/0	393/0 407/4	380/3 404/4
P	92.25	92.20	94.00	92.26	Mar	410/0	411/0	411/4	408/
	25.40	95.68	97.00	95.48	May Jul	382/4 362/0	394/0	394/4	301/4
BA	R WORLD	*11" 112.0	IDQ lbe; cer	rts/lbs	Sep	367/4	388/4	366/4	367/4
	Close	Previous	High/Lox		LIVE	ATTLE 40	,000 lbs; cer	re/ibe	
•	13.81	13.94	14.70	13.75	. —	Close	Previous.	-High/Low	
r N	12.26	12.39	. 6	. 6	Aug	74.30	73.82	74,65	74.20
A.	12.93 12.73	18.06 12.84	13.17	12.65 12.65	Sep	75.46 76.32	75.45	78.45	75,45 76,22
٠.	12.00	12.65	12.74	12.46	Dec	74.90	78.45 74.87	78.90 75.37	76.22
ŧ	12.30	12.45	12.40	12.30	Feb	73.82	74.05	74,47	75.00
_	DN 60 000	oents/lbs			Apr -	74.67 72.62	75.16 78.25	75.57 73.45	74.60
			100 - 10		Aug	71.00	71.00	71.95	71.00
_	Close	Previous	High/Los		LIVE H	0,00 8904	00 lb: cente/	bs.	
} 3	74.80 75.86	72.94 73.96	74.90	73.16	. —	Close	Previous	High/Low	
	76.52	74.70	75.90 76.60	74.08 75.00	Aug	47.16	46.66		
y .	77.00 .	75.17	77.00	75.50 .	Co.	41.05	41.10	47.40 41.65	46.75
	78,47 69.40	74.47 67.70	76.47 89.40	74.60 68.40	Dec	43.02	43.27	43.60	42,90
	86.90	65.30	88.96	65.50 -	. Apr	43.78 41.45		44,45	43.60
					Jun	48.00	46.95	41,85 46,20	41.40 46.00
W	THICE	15,000 ibs;	cents/lbs		Aug	40.12 44.78	45.30	45.35	46,00
_	Close		High/Low			44.75	44.55	44.80	44,45
٠.	154.75	163.18	154.80	153.05	· SANK		60,000 lbe; e		
٠.	143,60	142.50	143.50	142.40		Close	Previous.	High/Low	٠
	140.86 140.10	140.50 140.00	140.80 0	140.80	Aug	25.37	26,35	26.75	
,	139,25	130,25	0	0	Feb Mer	39.85 39.70	40.07 39.90	41.10 · 40.80	39.60
•	137,75 137,76	137.75	0	-ŏ -	May	41.00	41.10	41.00	40.06
		137.75			. Aug.	39.82	40.60	41.60	30.52

LONDON STOCK EXCHANGE

Shares end well below the best levels

THE ADVANCE in the UK stock market showed signs of faltering towards the close of yesterday's session when buy-ers refused to chase share prices boosted initially by a firm pound and a strong performance from Wall Street

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Account	t Dealing	Detes
Tiret Dealinge: Jul 51	:Aug 14	Sep 4
Aug 10		Sep 14
Last Deslings: Aug 11	Sep 1	Sep 15
Account Days Aug 21	Sep 11	Sep 25
New time dealer	Ge atay lake	place from

6.6 points, and a new peak for in recent weeks was fuelled by the year. However, at best the

Biscuit's fast-food operations
by Grand Metropolitan. But
the formal offer for BAT Industries from the Sir James Goldsmith camp brought few new insights and the final success of the Hanson bid for Consolidated Gold Pields saga also

formance from Wall Street overnight.

Equities opened sharply higher, but the early gain of 16 FT-SE points found relatively. Index had touched 2,357.9, and it is some market etrategiets expressed disappointment that above 2,360, which is regarded shows some market of impending takeover moves were not enough to sooths some nervousness. Fund managers began to look at fundamentals again and suggestions from stockbrokers for new investment purchases met with the question: "Are you with the question: "Are you happy with the market?"

Some traders believed that equities would have opened lower yssterday had it not been for Wall Street's substantial rise. Although yesterday's Seaq volume total reached a brisk 489.3m shares, traders were adamant that when the full data is released today by the Stock Exchange, it will confirm a slowdown in the market since last Friday when equity turnover by value

jumped to £2.2bn.
Analysts were inclined to discount the effects of the sharp downward revision in domestic retail sales for June. announced on Monday. Hopes in some quarters of an early reduction in UK interest rates

are believed to be over-optimis-tic. "Ws continue to expect base rates to remain at 14 per cent (the present level) until the Spring," is the view of the economics team at Warburg Securities, and reflects a widely-held view in the City. However, there was little sig-

nificant selling yesterday by the big investment funds when chare prices topped out towards the close. Substantial gains in ICI, Glaxo, Rank Organisation and similar blue chips indicated that stock is again very short at the market making bouses, and this factor alone may ensure that share prices will resist any signifi-cant profit-taking.

	F	INAN	CIAL	TIME	S STO	CK	INDIC	E\$			
	Aug	Aug	Aug	Aug	Aug	Year	198			ompilation	_
			<u></u> -	3		Ago	High	Low	High	Low	_
Government Secs	87,34	88.87	85.87	88.87	87.03	68.31	69.29 (8/2)	53.75 (14/6)	127.4 (9/1/35)	48.18 [3/1/75	
Fixed Interest	87:53	97.39	98.04	97.80	97.80	87.91	99.59 (15/3)	95.21 (13/8)	105.4 (28/11/47)	50.53 (3/1/75	n_
Ordinary Shere	1982.3	1957.0	1940.8	1924,0	1923.9	1501.1	1962.3 (8/8)	1447.8 (9/1)	1952.3 (8/8/89)	49.4 (26/6/40	<u> </u>
Gold Mines	198.2	202.4	202.S	199.0	193.5	195.0	206.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/7	1)
FT-SE 100 Share	2348.1	2341.5	2327.5	2306.3	2307.8	1882.5	2348.1 (8/8)	1782.S (3/1)	2443.4 (16/7/87)	996.9 (23/7/84	 :)
Ord. Div. Yield	4.18	4.17	4,21	4.25	4.24	4.52			Co 15/10/26,		
Earning Yld %(full) P/E Rado(Net)(☆)	5.68 12.41	9.72 12.35	S.61 12.25	5.89 12.15	9.88 12.15	11.46 10.63			id mines 12/ ☆ NB 12,26	8-55. Bask	a 1
SEAG Bargains(5pm) Equity Turnovar(2m)† Equity Bargainst	33,020	27,833 957.65 28,233	29,073 2271.52 29,073	26,564 995.5 26,840	25,935 984.0 26,243	25,442 926,24 24,969	S.E.	ACTI		Jg 7 Ad	
Shares Traded (milit		388.3	758.4	350.7	390.0	381.3	Gilt Ed	ged Bar	tains 8	6.1 9	0.4
Ordinary Shere Index			Day's High			ow 1962	Equity	Bargein Value	N		UA UA
Open 19 a.m. 1989.5 1988.1	11 g.m. 1970.1	12 p.m. 1 968 .5	1 p.m. 1989.2	2 p.m. 1969.3	3 p.m. 1967.9	4 р.п 1963.	.8 GlutEd	y averag Iged Bar Sargain	gains 9		3.0 1/4
FT-SE, Hourty change	•	- 1	Day's High	2357.9	Oay'a f	Low 2347		Value			w,
Open 10 s.m. 2355.1 2353.4	11 a.m. 2356.7	12 p.m. 2353.7	1 p.m. 2354.5	2 p.m. 2354.9	3 p.m. 2355.4	4 р.п 2350.	SE Acti	vity 1974.	†Excluding to its turnover. I Index: Tel. 0	ntra-marke London ret	ri DOI

UB sale warmly received

Although the market took time to digest the implications of United Biscuits' (UB) sale of its fast-food chains to Grand Metropolitan for £180m, the final judgement was a positive one. "It's very good news for UB, because it has released more capital than was employed in the business and left the group with lots of spere cash, and it's good news for Grand Met because the acquisition is crustal for the property of the second for the second fo cial for Burger King's develop-ment," said Ms Sally Jones, analyst at Panmure Gordon.

analyst at Panmure Gordon.

The market was initially disappointed that the sale did not reach the hoped-for £200m mark, with some dealers saying that if Pizzaland, Perfect Pizza and Wimpy had been sold separately UB might have realised a greater profit. This early sentiment, and worries early sentiment, and worries that UB might use the cash from the sale to finance a num-

ber of Continental acquisitions, saw the UB price slip below 24. By mid-afternoon, however, attitudes had changed, allowing UB shares to recover all their lost ground. Analysts were impressed at how advan-tageous the deal was for UB in tax terms, and how much it reduced the group's gearing... The disposals should also make the group a more attractive bid target, said analysts. "It could be argued," commented Kitcat & Aitken, "that UB's attractions to potential predators-will be enhanced by the sale of these peripheral, mainly non-manufacturing interests." As for Grand Met, the City

expects the Winny restaurants, to be converted to Burger King, while the 171 European develop its Continental fast food businesses. The pizza out-lets were a less obvious fit, and could be sold, possibly to Whit-bread, which already owns the Pizza Hut chain. At the close: Grand Met were up a net 4 at 622p on turnover of 3.6m shares, and UB were up a penny at 405p on 3.9m.

Hanson warrants

The first day of trading in a warrant launched by Hanson, as part of the operation to take over Consolidated Gold Fields, saw brisk business, some of which spilled over into the underlying shares:

The warrant opened at 60%p but slipped to 56p by the close on turnover of 12m. Each warrant gives holders the right to buy one Hanson share for £3 between February 1990 and Fsbruary 1997. Dealers said that the warrant accounted for

only 4 per cent of the consider-ation for Gold Fields and, therefore, selling was in small blocks.

blocks. Hanson advanced 3 to 236p shares changed hands. One dealer said that there was demand from small and provindemand from small and provincial investors as the Gold Fields deal reached completion, and that sentiment had been helped by an early announcement of a particularly rich seam of gold discovered by Newmont Mining, 49 per cent owned by Gold Fields.

Shares in Consolidated Gold Fields, now expelled from the

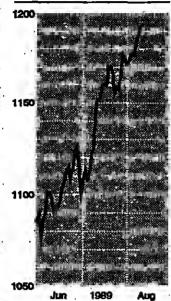
Fields, now expelled from the FT-SE Index, traded at around the 1470p mark, against the previous close of 1495p. Turnover of 761,000 shares was brisk without being signifi-cantly affected by early deal-ings in the hanson warrants which form part of the take-over price to be paid to share-holders in Gold Fields.

The oil and gas sector was unsattled by nervousness shead of the interim results from Ultramar, expected this morning, and the second quar-ter figures from BP and Sheli, due tomorrow. Ultramar initially pushed

ahead to 343p on expectations that the net income figure could be as high as \$70m, com-pared with last time's figure of £40.1m, but began to come under pressure towards the close and eventually settled a net 2 off at 387p. "Although the market range for net income is £56m to £70m, the majority are going for a figure of between 259m to 263m and some good news from North Sea Well 29/

that-ICI is about to place its near 25 per cent stake in Enter-prise in the market. The story depressed the Enterprise price to 599p, a net fall of 8. Turn-over in Enterprise was 684,000 shares. There were suggestions in the market that ICI would use the proceeds of the Enterprise stake sale to buy RTZ's speciality chemicals business for around £500m. RTZ shares, boosted by the ICI hints, talk

FT-A All-Share Index



an increasing RIZ stock shortage, rushed up 10 more to 555p.
RTZ's August traded options series expires today.

Monday's speculation of a bid for Fisons boiled over at the opening of business. The stock streaked 16 in good turnover sheed before substitute. ered warrant for the stock.

The insurances put on a mixed showing. Lifes, which have underperformed the market recently, raced ahsad at the outset after bullish press comment on the sector, only to run out of steam as the day wore on. At the close Pruden-tial were left with a 2 gain at 200p, on turnover of 3.2m, while Legal & General edged up 3 to 361p on 1.6m. Composites were erratic

and buying RTZ, and reports of an increasing RTZ stock short-

over ahead before subsiding almost as quickly to close 2 better at 3590 on final volume of 5.7m shares. One dealer said that interest was also stimulated by the launch of a cov-Unilever slipped 10 to 637p ahead of 2nd quarter figures-

due on Friday.

In banks Barclays were well supported yesterday closing 5 turnover of 5m shares while to supported yesterday closing 5 higher at 518p on turnover of 1.9m shares; while due on Friday.

ahead of today's interims from

of institutions selling Consgold **NEW HIGHS AND LOWS FOR 1989**

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Commercial Union (CU). Dealers are expecting a decline of around 15 per cent in half-year profits to around the £95m mark, compared with last time's £111.4m, but are looking for the company to increase the dividend to around 8p from 7.25p. CU shares settled 3 harder at 405p on turnover of

4.1m. English China Clays (ECC) attracted good support after the buy recommendation issued by Mr Francis Reed at Hoare Govett. The Hoare analyst says that on a 20 per cent discount to the market the shares are cheap; "the shares are a buy on a three year basis," says Mr Reed. BCC shares ended the session a net 12 higher at 492p. RMC jumped 12 to 753p.

boosted by the buy recommendation that accompanied the comprehensive review of the company issued by BZW.

AMEC moved up 10 to 468p after news of the £83m-worth of new contracts and ahead of the visit by analysts scheduled for Friday. John Mowlem picked up 13 to 433p following a buy nots from a leading agency

Stores were a poor market as the latest news on retail sales took its toll. Among the leaders Kingfisher (368p), Marks & Spencer (220p) and Burton (260p) all lost a few points; the three were in the top six best performing stocks in the FT-SE 100 of the past three months, and some dealers feel that they might now have been overbought. Other notable fallers included GUS, down 13 at 1112p, Storehouse, down 5% at 142%p and Sears, 3 lighter at

142%p and Sears, 3 lighter at 183p on busy turnover of 8.3m. A rare gain was posted by Charterhall, up 1% at 23%p after announcing a 55 per cent rise in full year profits to £13.1m. Charterhall was mentioned as a possible bidder for textile group Textured Jersey, which jumped 30 to 170p after the commany confirmed it had the company confirmed it had received a bid approach.

BICC extended its recent good showing, touching 559p at one point, but ran into a bout of selling pressure which left the stock only a fraction ahead at 553p; the electronics team at Citicorp Scrimgeour Vickers expects BICC to come up with interim pre-tax profits of £82m against £68m, when the company reports of August 22 but sees "little scope for share price performance in the short term — sell."

British Telecom, scheduled

to reveal first quarter numbers on Angust 17, were 2½ up at 257p on turnover of 12m. Late selling lowered Amstrad to 67p before a close of 68p, a net fall

of 3, on turnover of lm.

Halma shed 5 to 275p after
revealing a £1.9m acquisition,
most of which was met by the issue of more than 1.1m Halma

An acquisition in the US by

Glynwed and a small bear position in the market pushed the price to 311p before it closed 3 TRADING VOLUME IN MAJOR STOCKS firmer at 308p. Further consid-

eration of recent business deals pushed Lucas through £7 to close 10 better at 703p. Excitement over GKN's return to the FT-SE 100 meant the price opened 10 higher before profit-takers moved in ahead of figures this morning. "Any good news might already be in the price," said one marketmaker. GKN closed a penny

off at 445p. Armstrong Equipment slipped 3 to 182 as hopes of a bid receded. Possible suitors suggested have been Caparo Industries and JH Fenner.

AIM Group shed 14 to 449p
as recent rises flushed out a

seller of the stock, said market-Cadbury Schweppes fluctuated with the market, rising to 443p before sellers knocked the price back to 437p, a net loss of 2 on turnover of nearly 3m shares. Hillsdown fared better, drawing strength from a string of recent brokers' recommendations to close 6 higher et

299p on turnover of 2.3m. Trading was again brisk in Asda, which rose a penny to 201p on further bid talk, More than 7m shares changed hands during the session, while the traded options were again actively sought.

Dealings in Trafalgar House

was stimulated by talk of chan-nel tunnel contract and one to build a bridge in Denmark. More thoughtful marketmakers put down the strength of the stock to the fact that a single keen buyer sarly on had encouraged them to avoid being on the offer. Trafalgar House closed 9 better at 391p. Anticipation that results with too much merchandise on

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are accountants winning the business?

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from Australia's BTR Nylex, which are not due to reach London until Thursday morning, would be a repeat of last times' surprising performance, boosted its parent company BTR. Some 3.4m sbares changed hands as the price

climbed 10 to 485p.
Profit-takers left Jefferson
Smurfit 26 off at 559p after Monday's sharp rise on the back of the company's plans to raise cash in the US.

Lifs Sciences International almost doubled its interim profits and firmed 2 to 87p, while tolletry products maker Kingsgrange slumped 10 to 38p after moving into loss for full-year figures. One dealer said that the company had been left its bands.

WPP Group posted interim profits marginally better than expectations and the price closed 6 higher at 714p. "The main festure was the more than doubled dividend," said Mr Andrew Mills, analyst at

Property group MEPC made up some of the ground recently lost to its great rival Land Securities - traditionally, the two stocks move together in similar price ranges - after broker Hoare Govett increased its net asset value (oav) estimates for MEPC and advised clients to buy the stock. Hoare

has raised its nav forecast for

this year by 25p to 885p and for next by 20p to 970p. Conse-quently, the broker rates the

shares as good value around 580p and predicts they will rise to near 68op in the net tweive months. MEPC closed up 4 at 587p and Land Securities up 2

Late speculative buying lifted Priest Marians 5 to 494p on bopes that Mr Simon Fussell, the ousted chairman, will lead s bid attempt on the company, while Sonthend Properties, a recent bid favourite, dropped 9 to 229p as specula-tors moved in to realise their paper profits.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 21

APPOINTMENTS

Atlantic **Computers** financial director

ATLANTIC COMPUTERS, part of British & Commonwealth Holdings, has appointed Mr Robert Dinsdale to its main board and executive committee, taking a senior financial role. He was group financial director of Jardine Matheson.

Mr R.C. Hartley and Mr P.A. Davis have been appointed to the main board of RADAMEC GROUP. Mr Hartley is managing director of Radamec Defence Systems. and Mr Davis is managing director, Radamec Microsystems, Radamec Electronics, and Newbury Diesel Controls.

Mr Peter Coleman and Mr Ken Patton have been appointed directors of RUSH & TOMPKINS GROUP. Mr Coleman is managing director of construction in the south, and will now be responsible for the European and Far Eastern division. Mr Patton was managing director, major projects division, and now becomes managing director of Rush & Tompkins, the group's principal UK subsidiary. He is succeeded at major projects by Mr Terry O'Brien. Mr Mike Robertshaw has been appointed managing director, south east region, and Mr David Kenyon managing director, south west

Mr A.J. Buchanan has been elected chairman of Shaw & Co, and Mr J.S. Murdoch becomes deputy chairman. Mr
G.C.A. Thorn has been
appointed managing director,
and the following are made
directors: Mr A.J.H. Pott, Mr. C. Lun, Mr F.K. Roberts, Mr R.R.G. Gardner, Mr R.S. Buden-Powell and Mr J.V.R. Burton. The company is a wholly-owned subsidiary of MESS & HOPE SECURITIES HOLDINGS.

IOHN LAING has appointed Mr Christopher Bartram of Jones Lang Wootton as property adviser. He will chair the John Laing property advisory group.

Excess insurance Company, part of LONDON & EDINBURGH INSURANCE GROUP, has promoted Mr John Daly to director international treaty.

Mr Colin Stanley, founder and former chief executive of Pagasus, has been appointed a non-executive director of TETRA BUSINESS SYSTEMS.

Mr Ian Meyler-Warlow has been appointed managing director, LIMELIGHT FURNITURE. He was general manager of Sharps Individual

Chief executive of Mercury **Callpoint**

Mr Derek Arnold has been appointed chief executive of MERCURY CALLPOINT, an equal partnership between Motorola, Mercury and Shaye Communications. He was director of NEC (UK).

■ Dr Kurt Liedtke has been appointed managing director of ROBERT BOSCH LTD, UK arm of Robert Bosch GmbH. He was director general of Robert Bosch Commercial Española. He succeeds Mr Peter Herz who has been appointed to the board of the mobile communications division of Bosch in Germany.

■ Mr Roger Dunn has been promoted to group managing director of MAY HOLDINGS (formerly Valetmatic). Mr Graham Round has been promoted to managing director of Valetmatic (formerly Demiwheel) and Jet Wash.

Mr David Booth has been appointed managing director of LEONARD STACE, Cheltenham, part of the Associated Paper Industries Group.

SENELCO, Slough, UK subsidiary of Sensormatic Electronics Corporation. Florida, has appointed Mr John Meskill as managing director.

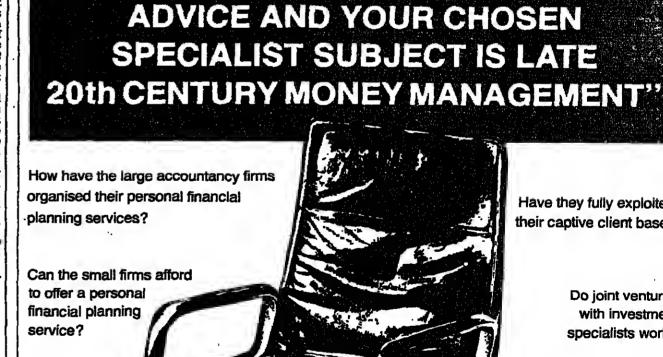
He joins from the US parent company, and succeeds M Ron Premuroso who has moved to Singapore to start the company's Far East operation. The company makes electronic surveillance systems, particularly to protect against shoplifting.

THE PRIVATE CAPITAL GROUP, part of the Scandinavian Bank Group, has appointed Mr Robin Bayford as director of group finance. He was group financial controller of AGB

Mr William P.H. Goult has been made a director of EGGAR FORRESTOR.



Mr Gereth Cooper (above) has been appointed managing director of CROWN BERGER EUROPE, paints division of



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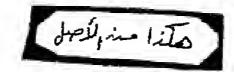


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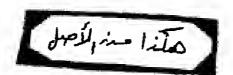
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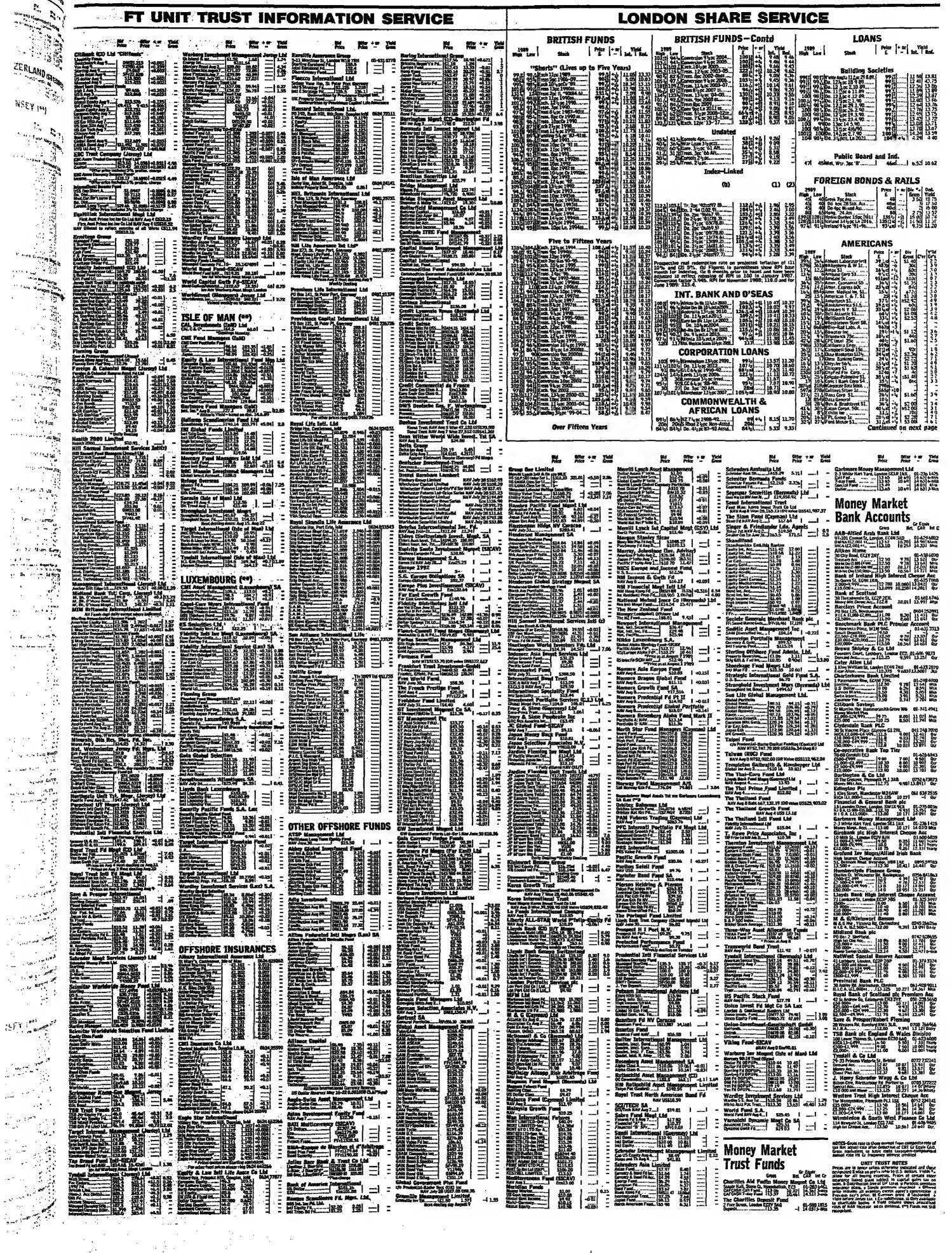
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LONDON SHARE SERVICE

INDUSTRIALS (Miscel.) - Contd | INDUSTRIALS (Miscel.) - Contd

1989	High Low Stack Price Wet Cvv Gr's P/E	1989 Francisco Price Francisco Price Price	201 130 Beautor 102
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September 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 | 1982 |

S (Miscel) - Cool

FINANCIAL TIMES WEDNESDAY AUGUST 9 1989	LONDON SHARE SERVICE	♣ Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet rung the FT Cityline help desk on 01-925-2128
LEISURE PAPER, PRINTING, AVERTSING Control AVERTSING CONTROL PROPERTY PR	The content of the	### Code Booklet ring the FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128 #### Code Booklet ring the FT Cityline help desk on 01-925-2128 ##### Code Booklet ring the FT Cityline help desk on 01-925-2128 ##################################

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound gains from dollar's fall

A WEAK dollar and a rally by sterling were the main features of yesterday's foreign exchange trading. The dollar fell through support at DM1.9000 on disappointment that last Friday's stronger than expected US employment data did not lead to a break through resistance at DM1.9200 on Monday and set up a test of DM1.9350 some

time this week.

Having failed to move the US currency into a higher trading range above DM1.9000, the market looked to test the downside and took the dollar downside and took the DM1.935 down to a low of DM1.8885, before it closed at DM1.8905 in London, compared with

DM1.9055 on Monday. The dollar's decline was said to be exaggerated by thin sum-mer trading. There were no fresh economic factors, with no figures due until publication of US producer prices and retail sales on Friday.

The US Treasury's quarterly refunding auctions began yesterday amid some concern that foreign demand for US Govern-ment paper would not be as strong as recently suggested. The offering of \$10bn in three-year notes is likely to be reasonably well received, according to the market, but this would not mean a marked success for tomorrow's auction of

E IN NEW YORK

Aug.8	Latest	Close
E Spot	1.6220 - 1.6230 0.66-0 65cm 1.95-1.92cm 7.40-7.30cm	1.5990 · 1.6000 0.72 · 0.70pm 1.96 · 1.95pm 6.90 · 6.75pm
	ms and discounts ap	
	Aug	.B Previous

8.30 am 91.9 91.5 9.00 am 92.0 91.5

11.00 Noon 1.00 2.00 3.00 4.00	peri peri peri		92.0 92.1 92.1 92.1 92.1	916 916 917 916 916 916
C	UR	ren	CY RA	TES
Aug	8	Barth	Special* Drawing	European †

		Rights	UNI
Sterling #	736 7.75 5.00 6.00 133 9.50 9.50 9.50 9.50 9.50 9.50 9.50 9.50	1.26503 1.25679 N/A 170549 50.7508 9.42302 2.42388 2.73373 8.20310 1743.58 176.844 8.88620 152.091 8.24364 2.08938 N/A	1.45364 1.09526 1.28356 14 6067 43 4417 8 06233 2.07501 2.35974 7.02076 1492 32 152 211 7.60236 174 7.07553 1.78476 174 188 0.776796
# Sterling quote	d in terti misssion :	s of SDR and Calculations	ECU.per &

All SOR rates are for Apg.7

CURRENCY	MOVE	MENTS
Aug. 8	Bank of England Index	Energy Changes **
Sterring U.S Dollar U.S Dollar Canadian Bollar Austrian Schilling Belgian Franc Burish Krone Deutsche Mark Swiss Franc Guilder French Franc Lira	92.1 69.6 104.9 106.6 103.6 112.9 107.7 110.3 99.6	-19.6 -41.57 -4.03 -13.5 -13.5 -13.5 -13.5

organ Guaranty changes: average 1980-100, Bank of Empland Index (Base Average 1003**Rates are forAgg.7.

OTHE	R CURRE	NCIES
Aug 3	<u> </u>	\$
Argentina Assiralia Mariania Mariani M	1054 64 1053 05 2 1025 2 1050 3 6855 3 7055 6 9130 6 9240 263 05 2 568 35 112 6425 12 675 119 407 1065 35 1073 90 047750 0 47750 64 40 64 50 4 3270 4 3300 4 113 05 4 122 45 6 7050 6 7050 6 8 7050 6 7050 6 7050 6 7050 6 7050 6 70	650 0- 655 00 1 590- 1- 1990 2 2720 - 2-2820 4 2690 - 4 2710 163 30 - 165 95 7 8040 - 7 8060 10 2973- 0 29635 30 46- 39 70 2 6705 - 2-6725 2 535 00 - 2-540 00 1 6-80- 1- 6710 1 7500 - 3 7510 1 7500 - 3 7510 1 7500 - 3 7510 1 7500 - 3 7510 2 6785 - 2 6900 4 0885 - 4 1840 25,770 - 25,75 3 6 730 - 3 3 6 3 90
	Callian and	

MONEY MARKETS

Longer rates ease

noon, on a revised shortage of £400m, the Bank gave help of £203m through outright pnrchases of £13m of Treasury bills and £120m of eligible bank

hills in band 1 and 270m of

bank bills in band 2, all at 13% per cent. Late belp came to

£25m, making a total of £228m. In Frankfurt, the Bundes-bank surprised the money mar-

ket by announcing its inten-tion to hold a 35-day sale and

repurchase agreement without

any minimum accepted hid.

Most traders expected a further

fixed rate tender to replace the DM19bn draining from the sys-

tem today as a previous sale and repurchase facility expires. But the switch to a variable

rate tender was not regarded as a change in official policy. Commercial banks are expec-

ted to make bids below the offi-

cial 7 per cent Lombard rate because there seems little pressure for a rise in rates. Call money was unchanged after

the news, staying at 6.85-6.95

market by not draining funds from the system through

matched sale and repurchase agreements. Traders now believe that Monday's action

by the Fed to drain reserves will be enough to enable the

authorities to meet their mone-

tary targets for the current

accounting period.

In New York, the US Federal Reserve also surprised the

per cent.

SHORT TERM interest rates remained firm in London yes-terday, reflecting a shortage of liquidity while longer term rates were lower, encouraged by sterling's strong performance. One-year interbank money fell to 13%-13% per cent from 131-1314 while the threemonth rate was barely changed at 133-13|3 per cent from 13%-

13% on Monday.
Recent economic data have shown that the Government's anti-inflationary stance is

UK clearing bank base lending rate 14 per cent from May 24

beginning to have an effect on consumer spending, and the authorities appear determined to keep short-term rates high and reduce speculation about

an early cut in base rates.

The Bank of England forecast a shortage of day-to-day liquidity of around £350m. Factors affecting the market included bills maturing in offi-clal hands and a take-up of Treasury bills, together with repayment of any late assistance draining £173m; Exchequer transactions took out a further £290m. These were partly offset by a fail in the note circulation of £100m and banks' balances brought forward £35m above target.

There was no assistance in the morning but in the afterIn Tokyo there was no sign of strong dollar demand by institutional investors. It was said that the Japanese regard US bond prices as unattractively high and the dollar potentially vulnerable to further weakness. At the close in London the

dollar bad also declined to Y138.75 from Y139.50; to SFr1.6285 from SFr1.6380; and to FFr6.3950 from FFr6.4450. On Bank of England figures the dollar's index fell to 69.6 from 70.1.

High yielding currencies, such as sterling, the Canadian dollar and the Australian dollar were the main beneficiaries from the weaker US currency. Recent signs of a slowdown in the British economy, includ-ing Monday's revised retail sales figures for June, and expectations that London inter-

est rates will remain firm for the foreseeable future, encouraged speculative buying of the

pound. It opened on a firm note

and advanced strongly in the afternoon, to finish up at the day's high in London

day's high in London-Sterling gained 1.85 cents to \$1.6260. The pound also advanced to DM3.0750 from DM3.0625; to Y225.50 from Y224.25; to SFr2.6450 from SFr2.6325; and to FFr10.3975 from FFr10.3600. According to the Bank of England sterling's

index rose 0.5 to 92.1.

Disappointment that the controversial ex-Finance Minister of New Zealand, Mr Roger Douglas, did not become the country's Prime Minister caused an initial fall in the value of the New Zealand dol-iar. The choice of Mr Geoffrey Palmer, previously Deputy Prime Minister, was seen as a compromise and economically neutral however. This led to a rally by the local dollar, It elected to 12 cents in Wel. closed at 59.60 US cents in Wellington, against 58.80 cents on Monday. Later in London the currency finished at 59.95

-344 50				UNIT RAT	
	Eco central rates	Currency amounts against Eco Aug 8	% change from central race	% change adjusted for divergence	Divergence Hanit %
kglan Franc usish Kroee man D-Mark ench Franc tch Guilder sh Punt Jian Lira	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1,483,58 1,30,000	43,4417 8,06293 2,67501 7,02076 2,33974 0,776796 1492,32 130,174	+2.32 +2.68 +0.80 +1.69 +0.88 +1.09 +0.59 +0.13	- 256557 2566557 2568558	±1.5424 ±1.6419 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

Changes are Adjustment of	Changes are for Ecu, therefore positive change denotes a weak currency Adjustment calculated by Financial Times.						
POU	ND SPOT-	FORWAR	D AGAIN	IST 7	HE POU	DM	
Ang. 8	Day's spread	Close	Doe worth	P.E.	Three morths	% p.1	
US Canada Netherlands Seignum Denmark Ireland W. Germany Portugal Spain Morway France Sweden Japan Austria Sultariand ECU	64.25. 64.70 11.94. 11.97b 1.1465. 1.1540 3.07. 3.08 b 256.60. 258.90 192.65. 193.85 206.5. 21.28 11.26. 11.29 10.36 b - 10.42 10.46 b - 10.51 b 224 b - 226 21.61. 21.72 264-2.65	1.6255 1.6265 1.9065 1.9	0.70-0.68:pse 0.25-0.17:pse 25-1.7; pse 25-3.30:pse 5-1.5; pse 15-1.5; pse 11-1.5; pse 11-1.5; pse 11-1.5; pse 25-1.5; pse 25-	509 5193 5177 443 7.07 122 491 217 2491 2491 2491 2491 2491 2491 2491 2491	1.94.1.94pm 0.74-0.55pm 65-8.6pm 134, 124-pm 125-1.15pm 54-4.22md 9-7pm 7-4-15pm 13-1.15pm 35-3.31pm 44-4-15pm 44-4-15pm 14-4-15pm 14-4-15pm	482 1.37 624 524 433 417 650 -0.28 2.34 4.91 8.37 6.10 6.10 6.23 6.10 6.23 6.24 6.24 6.24 6.24 6.24 6.24 6.24 6.24	

L4013 - L4003	T-2113 - 1-7023	U.G. G. 3.1 GA11	7.2
rimiercial rates taken towards i 1,60-6-1,70 Six-month forward o	the end of London tra follor 3 89-3.84cpm	ding. Belglan rati 12 mouths 6.86-6.	16 com 76cpm
	-		

Aug.8	Day's spread	Clase	Case promits	% 12.	Three	* 2
JKt	1.6125 - 1.6365	1.6255 - 1.6265	0.70-0.68cpm	5 09	1.99-1.94pm	4
elandt	1.3995 - 1.4095	14085 - 1.4095	0_10-0.05cpm	0.64	0.45-0.35pm	1
mada	1,1710 - 1,1750	11715 11725	0.35-0.38m/s	-3.74	1,00-1.05dk	3
rthe lands.	21310 2 1495	2.1310 - 2.1320	0.30-0.28cpm	1.63	0.80-0,76pm	1
elgiara	39.60 - 40.05	39.60 - 39.70	2.50-1 00cpm	0.53	5.00-2.50pm	0
sumark	7.345 - 7.404	7.344 - 7.35	0.10-0.35oredis	40.37	0 70-L.10dk	-0
. Germany	1,8885 - 1,9075	1.8900 - 1.8910	0_32-0_30pfpm	1%	0.85-0.82pm	1
rtugal	159.15 - 159.05	158.15 158.25	63-78odis	-5.34	240-2704k	-6
aiq	118,75 - 119.60	118.85 - 118.95	50-56mis	-5.34	156-1584k	-5
aly	1358 - 137012	135842 - 1359	3.80-4.301beds	-3.52	11.90-12.60db	-3
OFWEST	6.934 - 6.98	6.934 - 6.944	1.03-1.28bredts	-2.00	4.05-4.35db	-37
2000	6.34-6.45%	6.394 - 6.394	0.12-0.17alls	-0.27	0.50-0 60dls	-9
reden	6.45-6.495	6.444 - 6.454	1.51-1.66credis	-2.94	4 60-4.85dk	-2
C20	138.70 - 139.45	138.70 - 138.80	0.46-0.44ypm	3.88	1.19-1.16am	3
Etria	11.33 - 13.41 5	13.334 - 13.334	2.40-1.60 ground	3.88	5.50-3.40pm	1
ritzerland .	1.6250 - 1.6395	1.6260 - 1.6270	0.24-0.21cm	1.66	0.68-0.65gm	ī
CV	1.0913 - 1.0955	1.0945 - 1.0955	0.03-0.02 com	0.27	0.16-0.14pm	. 0

EL	EURO-CURRENCY INTEREST RATES								
Ang.8	Short term	7 Days sotice	One Month	Three Microtos	Six Months	Cont.	•		
herling	13H-13H 987 125-124 74-7 74-7 7-67 94-94 11-9 85-84 85-84	138-134 88-86 125-124 72-71 75-71 76-71 76-71 82-81 85-81	137-138 87-84 124-124 74-71 74-71 74-7 94-9 124-9 124-9 124-9 84-83 84-83	134-134 84-85 123-116 73-74 74-7 74-7 74-7 125-12 81-85 88-85	134-135 85-85 114-115 7-6-75 7-6-8 112-1124 82-83 82-83	13-134 06-84 11-1114 73-74 54-64 63-63 94-83 12-14-83 84-83			

Jong term Eurodol years 84-84, per cest	romiral. Sher	L LES ON TRACES AFE	call for US Cal	lars and Japane	se Yea; others,	tera days' no
8. Fr. (Con.)	81-84 54-54 94-9 9-84	51-51- 91-9 9-87-	8182 9394 8182	81-81 94-91 811-81	83-83 54-54 93-94 84-85	8151 53.51 9193 8251

		EX	CHA	NGE	CRC)SS	RATE	S		
Aug.8	£	\$	044	Yen	F Fr.	Ş Fr.	H Fl.	Lira	cs	8 Fr
£	0.615	1626	3.075 1.891	225.5° 138.7	10,40	2.645 1.627	3.465 2131	2209 1359	1.906 1.172	64.4 39.6
OM YEN	0.325 4.435	0.529 7.211	13.64	73.33 1000.	3.382 46.12	0.860 11.73	1537	718.4 9796	0.620 8.452	20.9
F Fr. 5 Fr.	0.962 0.378	1.563 0.615	2957 1.163	216.8 85.26	10 3.932	2543 1	133	2124 835.2	1.833 0.721	61.9
H FI. Ura	0.289 0.453	0 469 0.736	0 887 1.392	65 08 102 1	3.001 4.708	0.763 1.197	1.569	637.5 1000.	0.550 0.863	79 J
C S 8 Fr.	0.525 1.552	0.853 2.523	號	1183	5.456 16.14	1.388 4.104	1.818	1159 3427	1 2957	33.83

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100. FT LONDON INTERBANK FIXING

M 84	offer 84	PR 812	offer 85
fixing rates are the art	franctic means rounded to the meeteronce banks at 11,00 au stacker Bank, Banque National	sarest one-streement, of the	वित्रे कर्म व्यक्तिक वित्र वि
ik, Back of Tokyo, De	stactor Bank, Banque National	te Paris and Morgan Gua	ens are removed by eather Party Trust

		HONE	Y RAT	'ES				
NEW YORK			Treasur	Bills and	Bonds			
Lunchtime	Ose month Two month		KZ3 Foor	7.99 row7.89				
Printe rate Broker loan rate Fed funds Fed funds at letervention	89	Three month		8.19 Figure 7.93 8.04 Serio year 7.93 0.08 10-year 8.00 7.99 30-year 8.07				
Aug.B	Overwight	(Are Edgeth	7wo Months	Tirrez Months	Siz Months	Lombard Interrention		
Frankfurt Paris Zarich Amsterdam Tokyo Millan Browels Dublis	6.85-6.95 94-95 725-7.37 751-52 7.60 94-95	6.80-6.95 7-1-7- 7-20-7-30 5-7-5-11 121-11 811-911 94-92	6.80-6.95 9-91 9-10	5.80-6.95 9-9\1 7.77-7 7.17-7 27 5.1.5-1 12\1-13 8-1-13 9-1-10\1	6.80-6.95 8)1-9 <u>1</u> 104-10	7.00 8 75		

140 mm.	4.4-4.9	43-44	34-10	44-104	10.4-10	
1.0	ONDO	N MC	NEY	RATE	S	
8.guA	Overnight.	7 4ays notice	One Month	Three Months	Six Months	One Year
interbank Offer Interbank 8 id Sterling CDs. Local Authority Deps. Local Authority Bonds . Oiscount lifet Deps.	141 135 137 14	131 131 131 131	131	137	111	134 134 134 134
Company Deposits Finance House Deposits Treasury Bills (Buy) Bank Bills (Buy) Fine Trade Bills (Buy) Dollar CDs SDB Linest Dep 0666	:	:	131111111111111111111111111111111111111	111111111111111111111111111111111111111	13H 12H 13H	13%

FINANCIAL FUTURES

Volume moves to December

the December short sterling contract in yesterday's Lifle market; over 13,000 lots changed hands for December delivery compared with less than 9,000 in September.

Never before has the near dated contract been superseded in volume terms by a later contract with as long as six weeks still to run before delivery.

The switch in focus has been LIFFE LENG GILT FUTURES OFTICKS

LIFFE \$15 SPT1975 C25,000 (costs par £1)

LONDON (LIFFE) 26-YEAR 9% RETIRNAL GR.T

Estimated volume 15956 Q46021 Previous day's open Int. 30983 G119377 Estimated volume 0 (0) Previous day's open tal. 0 (0)

Estimated volume 572 (498) Previous day's open lot, 1195 (1255)

Est. Vol. Onc. Figs. not shown) 8376 (7)291 Previous day's open int. 50474 (50368)

Estimated volume 4355 (4171) Previous day's open lat. 14570 044159 FT-SE 100 BUSEX 525 per full ledes point Close High Low 2365.0 2373.0 2364.0 2409.0 2417.0 2411.0 Estimated volume 2503 0197) Previous Gay's open Int. 18695 (18570)

POUND-S IFOREIGN EXCHANGE 1-mm. 3-mml. 6-mil. 12-mil. 16181 16064 15874 15575 INCO-STEREING So per S High Low Pres. 16176 16184 15958 15950 15910 15766 1.5760 - 15580

S10m

encouraged partly by sterling's firmer tone, but also by a grow-ing perception that bank base December contract at 87.13 is equivalent to 12% per cent. rates are unlikely to be reduced until the end of the bonds rose sharply, reversing a recent string of losses. The dol-lar's weaker tone against the year at the earliest. D-Mark helped to improve sen-timent, while news of a vari-abla fixed rate tender in the

West German Government

Frankfurt money market hy

the Bundesbank, as opposed to an expected fixed rate facility,

appeared to have a broadly neutral effect on sentiment.

LIFFE BUMB FUTURES OFTENS DH250,000 points of 100%

LIFFE SHORT STUDLING OFTENS ESOS,000 points of 180%

However, interest in the longer contract was also encouraged by a steepening reverse yield curve. In cash terms the September contract at 86.34 discounts a cash equivalent of around 13% per cent, while the

LIFFE US TREASURY MOND FUTURES OFFICES 6-18 4-40 3-10 1-63 1-10 0-20 Estimated volume total, Calls 215 Parts 113 Previous day's open int. Calls 3100 Parts 3965

LIFFE EUROCKLAR OFTISK Clas prints of 100% 855235858 85835858 Extinated volume total, Calls 20 Puts 0
Previous day's open lat. Calls 5974 Puts 6389

CHICAGO U.S. TREASURY BONGS (CBT) : 97-30 97-25 97-10 97-00 98-10 98-10 98-10 98-20 98-20 98-20 98-20 98-20 97-04 97-00 97-04

Series 1575 1600 1605 1605 1605 1700 1700 Sep 115 202 317 478 1468 879 11.06 and the second of the second of the second

BASE LENDING RATES

	%	*	*
ABN Bank		Ctydesdale Bank	RatWestmisster 14
Adam & Company		Comm. Bk. N. East 14	Northern Back Ltd 14
AAB - Allied Arab Bk		Co-operative Bank *14	Horwick Sea, Trust 14
Allied Irish Bank			
		Coetts & Co	PRIVAThanken Limited. 14
Herry Anshadas	14	Cyprus Popular Bk	Provincial Bank PLC 15
Associates Cap Corp	14	Dombar Bank PLC 14	R. Raphael & Sons 14
Authority Bank		Duncas Lawrie	Roobergie Grantee 14
B & C Merchant Bank		Enpatorial Bank pic 14	Royal Bk of Scotland 14
Bank of Baroda	14	Exeter Trest Ltd 14½	Royal Trust Bank 14
Basco Bilbao Vizzara	14	Flagorial & Ges. Bank 14	Smith & Williams Secs. 14
Bank Happatinn		First Katheral Bank Plc. 15	Standard Chartests 14
Bank Credit & Conorn		Robert Fleming & Co 14	TSB 14
Bank of Cypres		Robert Frager & Ptors 1412	United Bloof Kareal 14
Bank of freland		Giroback	United Mizzali Bank 14
Bank of India		● Guirraess Mahoe	Unity Trust Bank Pic 14
Bank of Scotland		HFC Bank pic 14	Western Trest
Bassone Beige Ltd	14	Hantiros Bank	Westgar Bank Corp 14
Barciays Bank	14	Heritable & Ges Inv Belt 14	Whiteaway Lalekaw 14
Benchmark Bank PLC	14	● Hill Samuel §14	Yorkskire Bank 14
Berliner Bank AG		C. Houre & Co 14	10.0-10-1
Brit Bk of Mid East		Hongtong & Shangh 14	
Brown Stripley		● Leopold Joseph & Sous. 14	Members of British Wercha
Business Milge Tst	144		
C Beet Keleria	147	Lloyds Bank 14	Banking & Securities House
Q. Bank Mederland	14	Mesterai Bank Ltd	Association, * Benesit now 5.99

EUROPEAN OPTIONS EXCHANGE

_									
		Aus	Aug. 89		Nov. 89		. 90		
Series		Vol	Last	Vol	Last	Vol	Last	Stock	
id P	\$ 360 \$ 370 \$ 390	-		101	3 9	-	-	\$ 366.20 \$ 366.20 \$ 366.20	
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ME C	\$ 550 \$ 700	120	10 a	-	(=	-	1 =	\$ 517 \$ 517	
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			. 89		p. 89	_	L 89		
E Index C E Index C	FL 310 FL 325 FL 325 FL 330 FL 305 FL 315 FL 315	100 858 868 327	17.40	125	18	20	21.50 17 14	FI. 327.61 FI. 327.61 FI. 327.61 FI. 327.61	
E Index C E Index C	FL 320	888	8	347 409 117	10.50 7.30	181 30 335	1 14	Fi. 327.61	
E Index C	F1. 325	327	4.30	117	7.30	30	111	F1. 327.61	
E Index C	FI. 330	1932	2	246	5	335	8.20		
E forez P	Fi. 305	126	1 8 20	21	2.40	5	2 .	1. 35 33	
E Index P	FI. 310	1930 126 126 133 132 132	0.10 0.20 0.30 0.50 1.10 2.50	21 229 285	1.40 2.30	19	3.80 h	FL 327.61 FL 327.61 FL 327.61	
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E Index P	FL 330	1290	5	168	8.80	ıī	11.80	FL 327.61	
FIC	F1. 210	1408 1290 15	4.50 1.50	40	6.70 8.80 5.20 2.90	2	6.50 a	FL 213.85 FL 213.85	
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on C	F1. 105	273	736	2 8	10	12	12	. Ft 111	
on C on P oc C	FL 105	49	1.50	_	-	T -		P. 148	
20 C 20 P	FI 105 FI 150 FI	952	5	80 41 52	8.20 a	14 e	11	Fl. 148	
ev C	FI. 55	525	4.70	52	6.50	e	1 2	FI. 58.80	
RY C	Fi. 55	85	1 1 10		_			FI. 58.50	
HRMANN-TC	FL 85	544	9.89 1.90 6.70 1.50 6.70	10	1 11	<u>-</u>	= :	F). 95	
HOMANILTO	FL 90	100	1.90	-	- I		-	FI. 70.10	
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F N.V. C V. OSM C	FL 130	639	6,70	39 30 16	l ii	-] [Fi. 55.40 Fi. 130	
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t-Broc. P	F1, 40 FL 35 F1, 140 F1, 120 F1, 115 F1, 110	85	0.60 1.80	41 23 8 100 7	1.20	11	3.30	1 3 30	
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ilt-e C	61.60	224	1 . 1	-LE-	1		0.00	ET 42 00	

TOTAL YOLUME IN CONTRACTS : 62.624

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11,70 4.90

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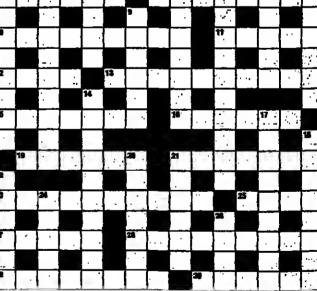
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JOTTER PAD

CROSSWORD

No.7,007 Set by QUARK



1 Not so rusty machine assembler (6) 4 Teacher of English or about money (8) 10 Persons displaced ended

with e fall (9)
11 There's hardly any society sising (5)
12 Piece of wood partly useful

at home (4) 13 PC includes special hold for a lout (10)
15 Bad hat – guy in short born
bad (7)
16 Put down certain test in a

letter (6) 19 Way-out station (6)
21 Sound character (7)
23 How pupils are graded in school? (10)

25 Some outré kind of safari (4) 27 Tail to disappear out of sight (5)
28 Exhibited by play leader? (9)
29 In a manner that shows lip, thoughi (8) 80 Swell feast (6)

DOWN

1 Clowning around middle of lecture is trivial (8)
2 Branch supporter with strong roots (4-5)
3 Comfort guy losing head (4)
5 The judge's address in the action is mismuded (7) action is misguided (7)

7 March 25 (5) 8 Rotter breaks glass

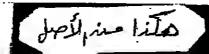
9 Put something down badly and lose (6).

14 Shucks! Wina produces mental disturbance (5,5).

17 Permitted variations chang-

17 Permitted variations changing once later (3)
18 Looked after a bird, being vigilant (4-4)
20 Such viewers can swold the need for change (7)
21 Sarvile people providing feeling of revulsion (6)
22 A number of detectives in charge need to be sharp (6)
24 Crook's point of view (5)
25 Vehicle parking quibble (4)
Solution to Puzzle No. 7,006





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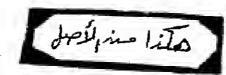
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WORLD STOCK MARKETS August 8 AGA 8 (Free) AGA 8 (Free) AGA 8 (Free) AND A Free AGA 8 (Free) ASIA 8 (Free) ASIA 8 (Free) ASIA 8 (Free) ASIA 8 (Free) Electrism 8 (Free) Angrist 8 Saifa A ... Saipem ... Saise Slossigeno ... Sirii Spn ... Sirii Spn ... Sirii Spn ... Sirii Spn ... Tora Assicur Tool Franco Unicesn CANADA 2.250 3.300 4.210 17.050 17.050 1.500 1.500 1.500 1.500 1.500 1.500 1.500 1.500 1.500 1.500 1.500 さんよう ニュナナナトをななし かた 日ももしたもちょうとなるたけますな なるなおかなをある。まれるたともたまだが か、たんにららなない 10,600 2,890 5,651 37,552 1,556 1,556 1,56 +63 -14 -14 -14 -190 +100 Sajer-Hypo BaltW Boys-Verels Boys-Verels Berlinger Berlinger & Gerg Britinger & Gerg Brown Boner De, Pred. Contingertain #6 De, Pred. Contingertain #6 Dellinger & Gerg Brown Boner De, Pred. Contingertain #6 Dellinger Dellinge おかなる コラ \$3 Add Stembs \$ 533 \$3 \$3 \$38587 Renisearce \$152 111/4 114/2 110/276 Rep Algom \$25 \cdot \ 24 \cdot \ 25 \cdot \ 24 \cdot \ 25 \cdot \$101, 11 \$2.40 \, \$101, 12 \$2.01 \, \$101, 12 \$111, \$2.01, \$111, \$2.01, \$ TORONTO 2pm prices August 8 475 17 29 4 4 14 15 15 16 16 17 16 17 16 1 本なないはないは、ななな AD CIUM/LUXEMIDURIS Asignest 8 ACF Holding AECOW AECOW ACCOM Bots Lucas Borsentij Webry Bushmann-Tet Center Perro Center Perro Center Perro Center Perro Center Perro Center Perro Center Borsentij Webry Bushmann-Tet Center Perro Center Perro Center Perro Center Perro Center Perro Center Borsentij Webry Bushmann-Tet Center Borsentij Webry Bushmann-Tet Center Borsentij Webry Bushmann-Tet Center Borsentij Gasentij Both Beron Hust lief Cert Resynen Chapter Phillips die Ten Ca Hustrick Web Resynen Roberto Tomansen 48.50 111.00 148.50 115 उद्देद्देवे । के हो । है के हिन्दे हो है है है । है है हो न न न ने देदे हैं है Connex Conditions of Condition egust 8 Adia leti Aleanisse Do. Pis. Cers. Saiche Hild Pis Saiche Hild Saiche Hill Saiche sections (P?) fortige egest 8 94.50 187.00 311.00 115.00 136.00 94.00 257.00 148.50 220.00 42.00 144.00 290.00 42.00 144.00 345.0 「おきまちょうしもかしまるなものものももももももものもいものはなるなるのである。 Schmalbach-Leb Seringer Vig Rg Springer Vig Rg Tilymun Varta Pechelbrone Persod Ricard : Perser Peopest S.A. Polict Pretaboli Sicoral Printenda Asi +85 +105 +13 +205 +10 +02 508.6 1485.3 314.2 942.9 975.1 325.7 770 852.1 852.1 600 368.7 305.7 463.2 463.2 6497.2 149 321 717 356 473 499 118 1424 466 103 INDICES **NEW YORK DOW JONES** 1989 Redoute Rhone-Poul (Cls) Roussel-Uctal SULIC SOUTH AFRICA SPAIN Aug 3 Abgrast 3 Abercom AEU AFIGURE ARIGAM ARIGAM ARIGAM ARIGAM ARIGAM ARIGAM ARIGAM ARIGAM ARIGAM BATTAR ARIGAM BATTAR ARIGAM BATTAR ARIGAM BATTAR ARIGAM BATTAR ARIGAM BATTAR FRES SLARE CONS Cold Elandram Gold First blas. Bark Fres Slare Cons Cold Cold First blas. Bark Fres Slare Cons Cold Kloof Gold Libamon Cold Malcor Hidgs feedon BK BATTAR BATTAR Safmanne All Safmanne All Safmanne All Safmanne All Safmanne Bots Sage Haidford Samb Hattar Torger Colds To A**a**g 2 August 3 Banco Bilhao Viz Banco Bilhao Viz Banco Enterior Banco Enterior Banco Enterior Banco Hispano Banco Hispano Banco Popular Banco Banc 49.55 13.50 845 1,005 1,007 1,607 1,508 1,1508 1, 24 1975 745 100 447 110 447 1146 1245 137,55 157,55 179,25 161,274 161,275 179,25 161,274 179,25 161,274 179,25 17 Kigh Line 2694.99 0./80 94.15 12/80 1344.06 (7/80 221.52 0/80 2144.64 (3/1) 87.35 (23/3) 59.95 (3/1) 181.64 (24/2) 1699.0 789.6 1690.0 782.0 1670.9 781..7 1664.6 781.7 2772.42 125/8/871 41.72 (2/7/32) المكافع المكان المكان المكان المكاني المكانية المكافعة 653.45 2661.61 2667.44 5,650 110,155 1,565 418 1,362 1,765 1,362 1,765 4,050 2,886 4,500 7,762 2,886 4,500 7,762 11,449 7,759 45,760 11,499 11,499 12,500 11,499 11,4 | 日本日の中でいるとのできないというというできないのできた。 93.84 93.83 94.13 94.15 1344.06 1250.00 1266.89 1273.47 AUSTRIA Credit Aktien (30/12/84) Schedus Scheng Serven Serven Sire Resignor Soc. Cet. de Fr. Sonamer-Allibert Spin-Battignofies Sage O'in the Trait-Ingary Trait-Ingary Trait-Petroles Pt UFB Cheaball UFB Cheaball UFB Cheaball UFB Cheaball UFB Cheaball UFB Cheaball 1344.06 (7/8/99) 227.83 (22/17/87) 390.73 382.18 378.87 370 19 390 73 /B(B) 219,5 (2/1) BELGIUM Brussels SE (1/1/80) 221.52 218.18 218.81 219.19 6287.64 17/8 5519,30 14/11 +40. 551_29 356 65 (12/7) 146.5 105.5 147.5 29.5 50.5 117.6 127.121.5 40.5 268.5 126.5 268.5 STANDARO AND POOR'S 275.33 (371) 338.66 (3711) 24.30 (3711) 349.41 0780 379.26 0780 13.59 0780 349.41 (7/8/89) 399.25 (7/8/89) 33.59 (7/8/89) 4.40 0.16/32 23/6/32 23/6/32 8.64 0.100/74 25/4/02 29.31 61/2/72 54.87 (31/10/72 399.26 393.14 393.62 393.02 33.20 33.05 33.34 502.6 120.1 504.7 120 417.9 (4/1) 97.5 (27/2) 506.8 (3/S) 122.4 (28/T) 194.19 0/8/89 379.18 (7/8/99) 461.73 (7/8/89) 194 19 (7/89 379.18 (7/89 461 73 (7/8) 154.98 (3/1) 305.24 (3/1) 378.56 (3/1) 660.46 (8)8) 1979.7 (9)8) 1503.59 (8)8) 535.78 (2772) 1595 7 (2772) 1271 70 (23/2) 376.20 376.82 375.48 457.42 456,93 454.08 NASDAQ Composit 3309.64 (15/5 2563,77 2579,07 2634,5 2073.61 (5/6) year ago lappaox.) 3.53 July 21 Aurs 4 July 28 | Sother River 219.5 584 950 2182.5 430 860 770 300.2 227 iefishanca Aira-Laura Atontofison Olientii Pirefii Ca Pirefii Spa Rinatzenne 3,41 3,44 701.57 697.05 701.37 (7/8) 577.49 (28/2) Aug 2 July 26 3.28 2.90 14.43 14.22 year ago (approx.) 3.12 14.10 JAPAH 2.92 14.10 30183,79 (5/1) 2366,91 (6/1) 34741.99 34779 2613.27 2616 6 TRADING ACTIVITY NEW YDRH Aug 7 Aug 4 Aug 3 263.9 205.4 262.8 204.5 261 7 203.7 258 8 201.4 208.3 (3/11 166.7 (1/3) 1,977 846 625 506 193 Aug 7 Aug 4 1,985 636 849 501 146 1,979 1,056 451 472 210 12 Aug 3 NORWAY OSTO SE (2/1/83) . 198,577 13.025 135,246 169,750 14,096 133,671 168 640 12,823 146,005 Mew York 0.01 625.83 629.00 627.52 637.68 668 90 (14/7) 467.17 (2/1) Yes + er -... 1,876 +10 ... 1,520 +30 1349.18 | 1359 73 1377.29 GL/71 1030.69 (4/1) 7.780 194.200 194.200 194.200 195.200 Hispor Cred Dat Hispor Desco Hispor Desco Hispor Desco Hispor Desco Hispor Elect Cle Hispor Elect Hispor Firer Hispor Firer Hispor Firer Hispor Firer Hispor Firer Hispor Firer Hispor Hofe Hispor Li Metal Hispor Sale Hispor क्रिक्टिटी क्षेत्रक्ष्यं हैं। हैं। हैंके इंटीक्टिक हैं। हैं किर्मा है। Mayor Nichbra Mad Ant. Bank Rat Constituted Memoral Ant. Bank Rery Nill Pelo Memoral Ant. Bank Rery Nill Pelo Memoral Ant. Bank Rery Nill Pelo Memoral Rery Rery Nill Pelo Petropiles Saferia Petropiles Saferia Memoral Tambe Services Tambe Services Telline Services Telline Services Total Research To SDUTH AFRICA JSE Gold (28/9/78) JSE Industrial (28/9/ CANADA 3654.5 3781.0 315.90 (12/6) 307.77 268 61 11/31 SWEDEN Jacobson & P. (31/12/56) 4485.0 4483.6 4489.9 4490.6 4491.1 (2/8) 3333 9 (3/1) SWITZERLAND Swiss Back Ind. (31/12/58) ... **NEW YORK ACTIVE STOCKS** 810.0 901.Z 792.5 810.0 (8/8) 613.1 (3/1) Stocks Clockry traded price 2,795,100 15% 2,997,300 59 2,200,600 1174, 2,204,600 19% 2,103,200 2104 Clarge on 627 - 1 Econo - 1 Econo - 1 Econo - 1 Ange - 1 Ange - 4 Closing price 46 951-267-401-671-WORLO M.S. Capital Incl. (1/1/70)_ 543.7 542.0 545.4 487.6 (13/6) Base values of art incloss are 100 except NYSE Art Common - 50: Standard and Poor's - 10: and Tomorto Composite and Metal's - 1000. Terrouto Indices based 1975 and Mantreal Portfolio 4/2/83. 1 Excluding bonds. **Language 3 who distillates "Common and Transportation. 60 Closed to Unavailable." TOKYO - Most Active Stocks Add the FT to your Tuesday August 8 1989 Paper portfolio. Call for a HONG KONG Change on day -1 0 -8 +20 +230 Change on day +40 +330 0 0 +40 Stocks Traded 13.0m 12.6m 10.9m 8.6m 8.6m Flocks Traded 8.5m 8.2m T.9m 8.9m 6.6m Closing Prices 828 1,340 855 1,450 4,160 Prices 2,989 8,300 2,190 4,850 1,650 personal subscription. 5.55 118. Artey Propa. Bask Esst Asta Cothey Paol K Cream Kong Cothey Paol K Cream Kong Cothe Light Case Motor Cream Hose Tal Bash Hang Sees Bask Harbor Centre HA Kang HA K Shamphal Bash HK S Samilsono RAD __ Toigro Steef ___ Sanyo Christ ___ Assets: U.S.: 1-800-344-1144. Canada: 1-800-543-1007. OBE inds ... Heso 1+10 3pm prices August 8 AMEX COMPOSITE PRICES Yamaha Corp ... Yamaha Corp ... Yamaha Korp ... Yamahah Sac ... Yamahah Sac ... Yamahah Sac ... Yamahah Sac ... Yamahah Trans ... Yamahah Elect ... Yamahan Elect ... Yamahan Robber ... Yamahan ... Yamahan Robber ... Yamahan Ro | Shock | Div. E | 100a | High | Love | Close Ching | Oyn | St. | 15 | Other | Oyn | Other | O 1,540 1,540 1,540 1,740 1,250 1,250 1,250 1,250 1,360 1,360 1,360 1,360 1,360 8985555555555558 Shock Direct ATER ATT F6228e ACTT F628e ACTT F62 AUSTRALIA Ampust 8 AWA Abertorie Adelaide Sepansi Amanii America Amanii + 65 --1757124061511105000047145884505586633456047683190478831904488 STREAPORE August 8 Bestend Hidgs Cortes Pacific Odd Storage DBS Freer 6. Neare Lecting Hery Lecos Fin Hery Leco 3 - 6568658658 6568 6568 6568 8 4²4 3 4 L. 30⁷4 + 1 L. 8⁷5 - 10 13.5 - 3. 34 L. 13.5 - 3. 34 L. 13.5 - 3. 14.5 + 1 2¹L. + 1

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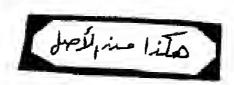
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FINANCIAL TIMES

It's attention to detail SCANDIC CROWN HOTEL

AMERICA

Dow crawls through 2,700 level in active turnover

Wall Street

THE 2.700 level on the Dow Jones Industrial Average loomed very large throughout yesterdey's morning session, proving a formidable barrier until midsession, when the

index managed to move just ehove this key point, writes Janet Bush in New York.

At 2 pm, the Dow was quoted 5.88 points higher at 2.700.87.

Trading was heavy, with 129m shares changing hands by mid-session. session - an indication of a fairly even mix of new buying and some profit-taking after the large gain of 41.54 points

on Monday.

The key indices on the Nasdaq over-the-counter market and on the American Stock Exchange were marginally higher at midsession while the hroadly-based Standard & Poor's 500 index was quoted

slightly lower.

The equity market now has its sights firmly trained on the Dow's all-time high set on August 25, 1987, of 2,722.42 which is now within striking distance. Most other important stock market Indices have reached record highe in the last few weeks and the main forces of attention is the Dow. focus of attention is the Dow.

The strong performance by technology and cyclical issues continued selectively yester-day, reflecting confidence that the US Federal Reserve has managed to engineer a soft landing for the economy.

Having performed poorly for most of this year, international Business Machines, a henchmark stock heavily favoured by individual and institutional investors alike, has started to move. This week, IBM has passed a key level of \$117 which suggests a further rally to around \$125. At midssesion, IBM was \$1% higher at \$118%.

The rally of more than 40 points on Monday was exaggerated by the usnal rounds of programme tradee, but also reflected genuine huying interest. The market has gained enormously in confidence since last Friday, when stocks held up well in spite of the plunge in bond prices and the waning of expectations of any further monetary easing by the Fed.

In any rally there comes a point when investors who have missed the rise etart to feel intense pressure to get into the market. The increase in vol-ume suggests that there has been an element of this kind of huying amid forecasts of an even more extended rally.

Among technology issues, Digital Equipment jumped \$3% to \$101%, Apple Computer added \$1% to \$44% on the over-the-counter market and Compaq Computer gained \$%

Strong performers among

cyclical stocks included Dow Chemical, which moved \$1% higher to \$97%, and Scott Paper added \$% to \$51%. Airline stocks were again

spotlighted yesterday. UAL moved up another \$10 to \$221 in the wake of the new takeover offer hy investor Mr Martin Davis, AMR added \$1% to \$73% and Midway Airlines moved \$1% higher to \$20% before the NYSE suspended trading in the shares. Ampco-Pittsburgh said that it had 6.6 per cent of the company and

may seek control.
USAir dropped \$1% to \$51% as the company sold the equivalent of a 12 per cent stake to Berkshire Hathaway, con-trolled by investor Mr Warren Buffett, as part of an effort to

Buffett, as part of an effort to fend off a possible takeover bld from a group led by investors Mr Michael Steinhardt.
On the OTC market, 3Com Corp plunged \$4% to \$13% after the company said that it might post a loss for the first quarter ending August unless orders strengthen. orders strengthen.

AN OPENING surge in Toronto followed Wall Street's rally on Monday, when the Canadian market was closed for a boliday. The composite index gained 32.4 to 4,017.5, with advances leading declines by 155 to 82. Volume was thin at 2.7m shares.

Buoyant trade gives Singapore its bounce

William Cochrane considers the driving forces behind the market's recent popularity

market has bounced back close to its post-crash highs in the past two days as healthy half-year corporate results and news of stronger than arrested. stronger than expected economic growth have renewed investors' confidence.

The Straits Times industrial index closed up 10.02 yesterday at 1,361.76 in heavy turnover, buoyed by Wall Street's surge on Monday night. This compares with its post-crash high of 1,372.29, reached on July 31, a gain of 32 per cent this year.
Last week, the index had slipped back on a dally hasis to close at 1,349.18 on Friday, e move that may have contained an element on second-guessing. The island state's National Day falls today, a holiday for the stock market; in both 1987 and 1988, a rising trend in the Sing-apore stock market was broken after the National Day celebra-

However, the news of the ast two days may not be fully discounted in prices, some analysts believe. Yesterday, the Ministry of Trade and Industry forecast economic growth this year of 7.5-8.5 per cent, up from the 6-7 per cent predicted previously, and compared with 11 per cent in 1988.

SUMMER lethargy continued

to plague the market, but a flurry of interest in specific issues left share prices higher yesterday for the first time in four days, writes Michiyo Nak-

After opening moderately higher, chare prices moved

erratically throughout the day, reflecting the lack of direction that has undermined the mar-

ket recently. The Nikkei aver-

age, however, closed up a solid 129.10 at 34,759.48 after moving

from a high of 34,761.34 to a low of 34,530.79.

Advances outnumbered declines by 465 to 391 while 231

issues were unchanged. Turn-over, though higher than the 306m traded on Monday, remained at a discouragingly

low 477m shares. The Topix index of all listed shares

strengthened 9.22 to 2,624.70. In London the ISE/Nikkel 50

index rose 0.74 to 2,078.72. Yesterday provided the only

significant rise so far this month. Although investors apparently took heart from the

and currency stability, analysts suspected that the

strength was more a reflection

of a desperate effort by dealers

than a real surge of interest.
Institutional investors, in
particular, were said to be dis-

enchanted by the market and to be turning their attention outside the country.

Dealers tried to generate vol-ume, but no significant theme or specific issue was able to

sustain interest. Part of the

reason for the quick chan-geover from theme to theme, and even from issue to issue, lies in the need for institu-tional investors to realise

quick profits before their Sep-tember interim reports. This resulted in a game of musical chairs among issues known for

quick price movements.
Political instability, and its

possible effect on currency and

interest rates, have also kept investors cautious. In a chang-ing political environment, with

a new leader of the ruling Lib-

eral Democratic Party elected yesterday, nohody really knows what the themes are.

The Government has never

155.89

Tokyo

amoto in Tokyo.

International trade has brought unprecedented prosperity to Singapore; this is the long-term reason for investing long-term reason for investing in the island, and why the market is standing on an historic price/earnings ratio of 22. Short-term, the June 4 crisis in Peking and its potential effects on Hong Kong as a Far East financial centre are encourag-ing analysts to look at Singapore as a potential alternative

- "a Zurich to Hong Kong's
City of London," as one of

them puts it.

Mr David Bates, Hong Kong and Singapore specialist at brokers James Capel, points out a number of the attractions. First, there is Singapore Air-lines (SIA), seen as a benefi-ciary of the recent hubbing agreement, in which British Airways has been allowed to use Changi airport as a central point for flights into and out of the Asia Pacific region.

Early in June, brokers were walking away from both local and foreign SIA shares after a 64 per cent increase in net 1988 profits to a record S\$985m (US\$303m). The figure, it appeared, was slightly helow stock market forecasts. Since then, however, the foreign shares have improved from S\$16.80 to S\$18.10; yet the p/a

(Local currency terms) Singapore

at that level is still only about half the market average Singapore's prosperity is not all airborne: record cargo was handled in the first six months of this year. The country has seen Thailand go for growth, achieve success and subse-quent congestion and having, belatedly, to acknowledge the need for increased intrastruc-ture to cope with it. The Singa-pore Government is conseonently seeking improved infrastructure first, according to Mr Bates, in the prospect of industrialisation to come. Meanwhile the financial community, so long overshadadvertising in Hong Kong for staff who would make the

move to Singapore.
At corporate, rather than individual level, an increasing number of foreign banks and trading and securities houses

trading and securities houses have been making enquiries about moving to Singapore from Hong Kong.

Mr Peter Bristowe of Houre Govett notes that the Singapore Government has been softening its attitude on immigration. It is prepared to take up to 25,000 white collar workers from Hong Kong, subject to certain provisions about certain provisions about employment categories and the assets of the individuals con-

There is little danger of it becoming a wide-open town. Earlier attempts to position Singapore as a rival centre to Hong Kong have been stifled by the tighter regulatory atmo-sphere on the island, he says. "Nothing has happened, recently, to suggest that Singapore is making a bolt for it," he adds. "It will probably continue to take a rather more disciplined approach."

However, it still follows that,

owed by Hong Kong, is actu-ally dipping into the colony to get good people. The banks, DBS and UOB, have been advertising in Hong Kong for market and formarile market and formarile market. tre, increasing interest is bound to focus on the property market and formestic property companies. An analyst at Baring Securi-

An analyst at sating Securi-ties says comment is focusing regularly on demand by Hong Kong institutions and individu-als for Singapore property, with record prices being paid towards the end of July for prime commercial property like Cecil Court, and particular interest being shown in luxury condominium developments in the residential sector.

ingapore and Malaysia, as relatively liquid markets, are among very few in the Far East which are placed to benefit, if and when people sell out of Hong Kong.

But she is cautious about the

market at the moment, saying market at the moment, saying that it could be overbought.

A relative strength indicator, reflecting a broader range of smaller companies, has diverged upwards recently from the Straits Times industrial index. When it did that before National Day last year, the relate out the STI was she points out, the STI was running into a 100-point drop in the months from August to

Frankfurt leads climbing party to further peaks

A STRONG day for Continental bourses saw West German shares advance to post-crash highs and Paris regain its fizz, writes Our Mar-

FRANKFURT shrugged off Monday's mixed performance and advanced to further postcrash highs. The FAZ gained 6.99, or 1 per cent, to 660.48 and the DAX index rose 11.56 to

The next significant resistance on the FAZ would be at 700, although 680 could prove a test, said an analyst. He suggested that positive corporate results and economic news would drive the index to 700 in the early autumn.

Turnover was much more active yesterday, valued at DM6.8bn compared with Mon-

recently were bought on funda-mental grounds, with Linde, the engineering concern, up DM23.50 at DM798.50.

Retailing issues were fairly volatile, as the sector fell out of favour with rotational buyers. The analyst said: "The market bas now done the round of almost all the sectors.

The question is: where next?" Nixdorf rose DM3 to DM369.50 on expectations that its second-half results due next month could show the benefit of recent cost-cutting. There was also a feeling that computer stocks had been undervalued.

VW continued to perform well, adding DM13 to a year'e higb of DM469 in the session's largest turnover of DM814m. Commerzhank yesterday revised its earnings forecast for VW upwards. BMW gained DM13.50 to DM603.50 after reporting relatively good US

figures for the year so far. PARIS picked up smartly after four days of consolida-tion. The initial spur was Wall Street's powerful showing on Monday night. Foreign buyers,

notably from the UK, then stepped in, and late in the day came news of a 14 per cent rise in first half sales at Peugeot. The car group's stock gained FFr18 to FFr920 in large vol-

ume of 136,000 shares. The OMF 50 index ended 2.49 higher at 510.91, though off the day's best level of 511.09. The real time CAC 40 gained 13.11 to 1,817.80 and turnover was

the conversion of outstanding warrants into shares; it was also suggested that some investors whose warrants had been convertible into non-voting stock might have been switch-

record run, huoyed hy Wall Street's strength and bigb expectations from this week's batch of second quarter earnings. The CBS tendency index added 1.7 to 197.2 in active vol-

However, nervousness was creeping in at these high levels and there was some profit-tak-ing in the afternoon. Amro bank, whose results

are due today, gained Fl 1.90 to Fl 95 in the day's second most ective turnover, while NMB was also busily traded and rose Fl 7.80 to Fl 276 amid news that

F1 94.90 for a two-day gain of 5

Another actively traded stock was Paribas, which rose FF16 to FF7513 on 461,000 shares. Yesterday was the final day of the "grace" period for

ing into the ordinary share Construction company Auxiliaire d'Entreprise climbed a further FFr33 to FFr1,077 after its FFr49 rise on Monday. There was speculation that Pinault, a company quoted on the second market, was interested in huying a 15 per cent stake in Auxiliaire beld hy CGIP, the holding company. AMSTERDAM continued its

ume of Fl 971m.

the European Options
Exchange would begin trading
the bank on August 21.
Nedlloyd, the transport and

shipping group, rose Fl 1.80 to

per cent, as it benefited from its recent stock split. ZURICH was propelled higher in active trading hy for-eign demand. The Crédit Suisse index added 8.3, or 1.3 per cent, to 659.9. Brown Bov-

eri, the machinery company, eased SFr10 to SFr4,610 before Asea Brown Boveri, the joint-ly-owned Swiss/Swedish gronp. MILAN opened in weak style before recovering to close little changed. Profit-taking and position-squaring were coun-teracted by demand for hlue

chips in busy trading.

The Comit index held above the 700 level, slipping 0.18 to

701.19. MADRID continued firm, adding 1.40 points in the general index to 311.29, although volume was low at about \$70m. Banks are trying to recover strength after good results for the first six months. BBV rose 5 percentage points to 845 per cent of nominal market value,

Santander gained 8 to 844 and Banesto 10 to 1.100.
Constructions showed the day's best gains, with Dragados up 8 at 664 after a near 40 per cent rise in first half pretax profits. Telefonica was upobaged 4 100 75 after its 10

unchanged at 199.75 after its 10 per cent rise in profits.

STOCKHOLM reached all-time highs in moderate trade helped by sharp gains in Asea shares. The Affarsvariden index rose 11.2 to 1.323.6, a record high.

Asea free B-shares climbed SKr35 to SKr645 on expectations of good results today from Asea Brown Boveri. BRUSSELS trading got off to a good start on the first day of

the new forward account. How-ever, the cash index slipped from Monday's all-time high to close 15.37 down at 6.272.27. VIENNA marched on upwards, taking its run of record bighs to five as the index added 7.41 to 415.94 in lively trading

lively trading. FT-ACTUARIES WORLD INDICES Nikkei picks up as regional markets surge faced a powerful opposition and the market has never liked

> investors have been attracted by themes related to a rising Socialist Party, such as bousing and anti-nuclear energy, although interest in these bad wavered. Daiwa House returned to the top slot in the most actives list with 13m shares traded and rose Y40

Daikyo, a large condominium builder, surged Y230 to a high for the year of Y4,160 in active trading. Interest in Daikyo stemmed mostly from

its low price/earnings ratio.
Sony, the electronics maker,
spurted Y330 to an all-time
high of Y8,300 on its completion of a public share offering that triggered dealer-led interest. Sony was second most active with 12.6m shares. Interest in specific high tech34,454.14. Activity was slack with 54m shares traded, a slight improvement over Mon-day's 43m. Nintendo, a maker of video computer games. surged Y2,000 to a record high of Y16,400 in the wake of its announcement of a gratis share issue.

nology issues in Osaka sup-ported a strong 223.04 point rise in the OSE average to

BULLS ruled-in the Asia Pacific region yesterday, with all the leading markets rising

strongly.
NEW ZEALAND surged a further 3.5 per cent after Mr Geoffrey Palmer, the new Prime Minister, said that he would not change economic policy. The Barclays Index gained 75.56 to 2,259.85 in very heavy volume of 32m shares

HONG KONG followed Wall Street and other international markets upwards, with property issues having another strong day. The Hang Seng index hroke through the 2,600 level, rising 44.17, or 1.7 per cent, to 2,607.94.

Thrnover slipped to HK\$1.06bn from HK\$1.2bn.

Shul On Group was suspended at its own request; at HK\$1.78, as was Shul On (Contractors), at 41 cents, amid rumours concerning the future of its headquarters huilding.

AUSTRALIA attracted institutional and foreign investors. tutional and foreign investors, who became active after the overnight rise on Wall Street, and the market moved higher. The All Ordinaries index gained 19, or 1 per cent, to another post-crash high of

1,599. Turnover reached 127m shares worth A\$814m.

Among the most sharply ris-ing stocks were CRA, up 40 cents at A\$10.50. BTR Nylex declined, however, losing 10 cents to A\$5.90 after strong gains recently before its interim results this week.

TAIWAN pushed past the 10,000 level on the weighted index in record turnover, with financial stocks leading the way higher. The index closed up 54.04, after surging 163.24 points earlier, at 10,022.10, on the largest ever daily turnover of T\$136bn, up from Monday's

-

SOUTH AFRICA

re-emerged in Jenannesburg and lifted gold issues in sple of the continued weekness of the ballion price.

RIUNIONE ADRIATICA DI SICURTA MILAN - HALY

The Company's Accounts for the 150th Annual General Meeting held in Milan on June 29, 1989. They reflect a 1988 gross profit of Lit. 131 billion (as against Lit. 109 hillion in 1987) and a net profit of Lit. 61 billion (+19.2%) after appropriations of Lit. 70 billion to special re-

Dividends declared were Lit. 300 per ordinary share. As to savings shares, the General Meeting resolved the immediate distribution of a dividend of Lit. 320 per share. A special Shareholders' Meeting to be held on September 5, 1989 may resolve the payment of further Lit. 40 per share that have been allocated to a special reserve. For the year ended December 31, 1987 dividends of Lit. 300 per savings share were declared.

In Italy, premiums collected in the Non-Life Branch amounted to Lit. 1,823 billion (+12.7% over the previous year). In the Life-Branch rhe increase was 18.1% on a homogeneous basis.

Company's Insurance Reserves grew by Lit. 625 billion, and reached Lit. 4,479 billion.

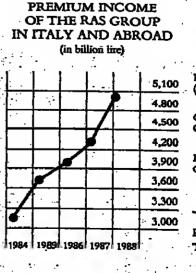
The Reserve for Catastrophic Risks that the Company decided to establish as a further guarantee of the quality and fairness of its services increased from Lit. 104 billion to Lit. 174 hillion. The solvency margins amount to Lit. 1.159 billion, and are Lit. 851 billion above law requirements.

Company's investments totalled Lit. 4,602 billion (+13.2%), and provided a net profir of Lit. 422 billion.

A second control of the second

HIGHLIGHTS OF ACCOUNTS year were examined and adopted at its RAS ONLY, DOMESTIC AND FOREIGN BRANCH OFFICES (in billion lire)

	1988
Premium Income	2,207.3
Investment Income	484.2
Claims, Maturities and other Benefits paid	1,125.7
Insurance Reserves, Non-Life Branch	2,224.1
Insurance Reserves, Life Branch	2,254.8
Life Sums assured	13,919.7
Share Capital	155.0
General Reserves	995.7
Profit for the Year	61.0



SALES OF THE RAS GROUP Premium income breakdown in 1988 (in billion lice)

(in Italy and abroad) .. 2,207.3 Other Italian Group 595.0 Poreign Group 2,244,6 Total premiums 5,046.9

Ras Group Life Business Total Sums assured ... Lit. 27,348 billion

NATIONAL AND REGIONAL MARKETS Local Oay's change Oross

show number of stocks per grouping	Dollar	Change %	Sterling Index	Currency	% local currency	Oiv. Yield	Dollar Index	Oterling Index	Currency Index	1989 High	1989 Low	(approx)
Australia (85)	147.55	+ 0.7	136.08	128.48	÷ 0.5	4.64	146.50	134.49	127.79	157.12	128.28	149.34
Austria (19)	137.03	+ 1.1	126.38	135.94	+ 1.8	1.79	135.49	124.38	133.59	137.03	92.84	85,17
Belgium (63)	135.53	-0.4	125.00	133.69	+0.1	4.09	136.11	124.95	133.59	137.97	125.58	112.74
Canada (124)	151.72	+ 0.8	138.93	128.92	+ 0.0	3.10	151.21	138.81	128.92	151.95	124.67	122.63
nenmark (36)	210.41	-0.8	194.08	211.84	- 0.5	1.48	212.30	194.89	212.95	216.89	165.35	121.50
Finland (28)	139.02	— 1. 0	128.22	125.40	- 1.2	2.17	141.56	129.95	126.88	159.18	125.81	127.77
France (127)	128.34	-0.8	118.36	129.74	-0.5	2.92	129.35	118.75	130.37	133.44	112.57	81.37
west Germany (100)	97.51	-0.4	89.93	96.60	+0.0	2.11	87.90	89.88	96.56	100.53	79.56	75.11
Hong Kong (49)	107.15	-0.7	96.82	107.37	-0.7	6.03	107.61	99.07	108.15	140.33	68,41	108.30
Ireland (17)	155.41	-0.8	143.33	156.56	+ 0.0	2.68	156.35	143.54	156.58	159.12	125.00	131,38
Italy (97)	94.24	+0.4	86.92	96.47	+0.7	2.32	93.91	66.21	95.79	94.79	74.97	71.19
Japan (455)	188.70	+0.1	174.03	168.39	÷0.1	0.48	188.60	173.14	166,19	200.11	164.22	165.91
Malaysia (36)	188.01	+0.0	173.40	193.62	+ 0.3	2.48	187.93	172.52	192.96	190.58	143.35	154.17
Mexico (13)	266.90	+0.0	246.18	740.63	+ 0.1	0.68	267.00	245.11	740.02	277.40	153.32	154,38
Netherland (43)	128.65	-0.2	118.66	126.25	+0.3	4.10	128. 8 6	118.30	125.87	130.67	110.63	106,54
New Zeeland (21)	78.23	+ 1.4	72.15	69.42	+ 1.0	5.37	77.11	70.79	68.71	78.23	82.84	81.18
Norway (24)	173.62	-0.8	160.13	164.67	-0.2	1.57	174,95	160.61	164.98	198.39	139.92	118.83
Singapore (26)	166.60	+ 0.6	153.66	149,96	+ 0.9	1.89	165.18	151.54	148.66	169.43	124.57	135.89
South Atrica (60)	152.69	-0.3	140.83	138.48	-0.8	3.60	153.09	140.54	139.28	153.27	115.35	114.88
Spain (43)	155.31	+0.0	143.24	140.72	+ 0.3	3.65	155.37	142.64	140.25	158.02	143.14	148.45
Sweden (35)	182.35	— 1.0	168.18	175.26	-0.8	1.96	184.16	169.06	176.32	187,77	138.45	116.43
Switzerland (64)	81.76	+ 0.6	64.63	93.18	+0.8	2.03	91.19	83.72	92.46	92.84	67.81	78.46
United Kingdom (311)	155.04	÷ 0.1	142.99	142.99	+ 0.6	4.06	154.90	142.20	142.20	158.41	133.28	133.17
USA (552)	142.07	+ 1.5	131.03	142.07	+1.5	3.20	140.02	128.54	140.02	142.07	112.13	110.12
Europe (1005)	129.61	- 0.1	118.54	124.26	+0.3	3.30	129.76	119.12	123.88	132.62	112.63	105.48
Nordic (121)	171.59	- 1.0	158.26	161.Q8	-0.8	1.76	173.29	159.08	162.00	178.38	137.95	111.12
Pecific Basin (672)	184.08	+0.1	169.78	162.71	+0.1	0.70	183.96	168.87	162.50	194,72	160.44	163.00
Euro - Pacific (1677)	162.39	+ 0.0	148.77	147.26	+0.2	1.54	162.38	149.07	146.98	166.98	141.56	
North America (676)	142.55	+ 1.4	131.47	141.25	+1.4	3.20	140.59	129.07	139.34	142.55		140.00
Europe Ex. UK (694)	113.51	-0.3	104.69	112.70	+0.1	2.71	113.82	104.49	112.57	116.28	112.79	110.78
Pacific Ex. Japan (217)	128.78	+0.3	118.78	116.72	+0.2	4.50	128.32	117.80	118.45		96.30	98.32
World Ex. US (1874)	161.99	+0.0	149.40	148.78	+0.2	1.62	161.96	148.68	146.52	137.65	111.93	127.98
World Ex. UK (2115)	153.68	+0.5	141.74	145.35	+0.6	1.94	152.68	140.35		166.35	141.49	139.16
World Ex. So. Af. (2366)	153,80	+0.5	141.85	145.16	+ 0.8 + 0.8		153.05		144,49	155.66	135.98	127,40
World Ex. Japan (1971)	137.36		126.68	134,40		2.12		140.50	144.30	155.92	136.67	127.98
MOUGEV AGENT (1911)***	107.39	+0.8	120.00	134.40	+0.9	3.29	136.28	125.11	133.17	137.40	114 51	100 68

2.14

153.05

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Mackenzie in conjunction with the Institute of Actuarles and the Faculty of Actuaries

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